

Leadership and legitimacy

Edited by Susan Brown



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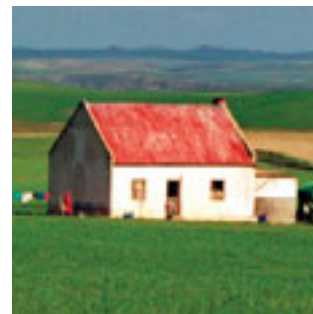
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PREFACE

As a nation we made history in opening up a nationwide dialogue about our identity and our future. Now more than ever we need this to be re-activated, and we need it to be about South Africans and not ruling party factions.

We face more than a crisis of governance. The present crisis strikes at the very roots of our democracy. The Institute conducts a yearly representative national public opinion survey called the South African Reconciliation Barometer, and the results this year constitute a stark warning. Confidence in leaders, and above all in representative institutions, has dropped sharply. In addition, approval of government's performance has dropped by over 20 per cent from the year 2006 on the following issues: transparency and accountability, correct appointments, affirmative action, crime, inflation, narrowing the income gap, and fighting corruption. Public trust is the key to the operation of a healthy democracy, and it is hemorrhaging away while leadership scrambles for the spoils.

Rather than the factional exchanges that have characterised the past year, it is time for us as a nation to get back to a conversation about leadership and the rules to which we re-dedicate ourselves in a search for national unity and coherence.

For this the character of our leaders is key. We have had, and need to have again, a national leadership that unifies South Africans in constructing a shared national identity – assent which is essential to the urgent projects of equality and upliftment.

The ruling party must heal itself. It was and must again be more than an imperial gateway to riches and impunity. We the citizens – South Africans rich and poor, black and white – need certainty about the just adherence to all of the processes of governance, rather than the growing perception that connectivity or party processes exempt an aristocracy from accountability. We need affirmative action and black economic empowerment to work for the advancement of the many rather than the favoured few. We need our education system to deliver the basics of literacy and numeracy to primary school learners. We need our grants system to reach into the most impoverished rural areas, and shake public servants who impede this and treat citizens with contempt. If the ruling party cannot lead itself and its allies back to the moral high ground, it will fragment.

The Transformation Audit this year focuses on leadership and legitimacy: on the way in which many aspects of our national life and development are defined by how they are led and managed. The paradox we see at the macro level is the way in which economic stability, rising affluence and improving growth – normally stabilising factors in democracies – are contradicted by decreasing political confidence such as shown by the SA

Reconciliation Barometer. The prospect is that this contradiction will further erode economic confidence.

Considering the patterns of employment, we see that though 1.9 million formal sector jobs have been created in the past three years, the painful mismatch between available jobs and job seekers is becoming more acute. The vacancy rate of top managerial and specialist posts in government alone is in some departments (notably land) and some provinces enough to impede their fulfilment of their mandate. Business and civil society also struggle with this, while trained South Africans of all colours – think of the attrition of teachers and nurses – drain away from crumbling institutions in the sectors where they are needed and sometimes out of the country. The lesson is that sick institutions cannot retain the best, and their leadership is responsible for eroding the services that the poor depend on most.

AsgiSA and Jipsa are policy interventions designed to promote growth and skilling – but they may just plug in solutions rather than tackle the root of the problem, namely, the crises in institutions. The bottom line with opening up mass skilling and opportunity is that our chronic and continuing failure to deliver the educational basics of literacy and numeracy impede the Jipsa project. In 2004, 72 per cent of Grade 6 learners failed a national literacy test, and 88 per cent did not pass mathematics at Grade 6 level.

What we are looking at here is denial of a hopeful future to millions. Remedial interventions are limited in their effect. We see for example that the Sector Education and Training Authorities (SETAs) struggle with delivery, due to their own skill and leadership deficits, but also because they have to remedy the educational deficits of the majority of those who use their programmes. The billions to be spent on Adult Basic Education and preschool instruction raise the question – who is going to ensure that such programmes will adequately equip those who participate in them when the school system itself is struggling to cope? The Department is grappling with the problem. It is time that provinces and teachers' unions accept their responsibility for the failure to date, and get on board.

The Department of Education is moving to address its widespread incapacity in school management and in teachers' instructional ability, but the fact that educational delivery is managed or mismanaged at provincial level adds another dimension of difficulty to turning this oil tanker. The pattern is increasingly that weak provinces are performing ever more weakly, adding to the inequality in our destructively unequal society. Further and higher education, technical skills and employment prospects, all are hobbled by the primary school deficit, which in turn has its roots in teachers' lack of instructional

ability, together with poor leadership and management within schools and districts. These failures are at the root of the perpetuation of poverty.

Disputes about the degree of poverty and unemployment can often sound, to those who suffer them, like arguing whether the drowning man is under four or forty metres of water. But it is important to tell with poverty whether we are dealing with deeper pools left by a receding tide, or whether the tide is advancing. It is clear that the tide is not advancing, but for those in the intractable hollows and backwaters this offers little hope. Rather, rage at inequality is directed at the institutions and politicians that fail them. And thus we see the threat to democracy intensified. The legitimacy of liberation cannot be deployed to excuse another decade of failing the people.

As I come to the end of my tenure as Executive Director, I take this opportunity to express my personal appreciation and that of the Institute to Investec Asset Management and the Conflict and Governance Facility, a combined project of the European Union and the National Treasury, who have sponsored the *Transformation Audit* for the past four years. We have enjoyed an excellent working relationship with both organisations. I also express my sincere gratitude to Susan Brown and her team who have been responsible for the Audit.

Charles Villa-Vicencio
Executive Director
Institute for Justice and Reconciliation



INTRODUCTION

THE INTERREGNUM AFTER POLOKWANE: HIGH ROAD OR LOW ROAD?

Susan Brown

The African National Congress (ANC) after Polokwane will be facing up to the need to develop new forms and modes of consultation, and a new style of leadership. There are now two centres of power, divided between government and the ruling party leadership. A great deal hangs on the identity this leadership, and the party, constructs for itself. In the worst case, those within government and disaffected will perpetuate the deadlock which has already damaged many institutions as the contending factions refuse to yield an inch to each other. A feeding frenzy of opportunistic corruption or near corruption, or inertia could follow.

The high road would be for the party and government leaderships to work fast to find an accommodation and to work openly to restore the trust and confidence on the part of the people of South Africa, which have been so severely damaged over the past two years of rising strife and divisive politics. Let us not forget that this cycle of public protest and insurrection began over two years ago, with the rash of increasingly violent public protests targeting local government. The optimistic reading is that the very robust democracy of the Polokwane conference marks the end of the ANC's liberation movement phase, and the enforced beginning of a democratic one. To date, government and the party have operated in a closed, hierarchical and rigid way, facing down questions or criticism with ritual denial, closing of ranks and often attacks on questioners or critics. This together with the perceived autocracy of an imperial presidency has worn down public confidence.

One response is that this is yet another divergence between the South African and Zimbabwean scenarios: This early into South African post-liberation history, a public challenge has been made, within the party and under the public eye, to the exile tradition of hierarchical and unconsultative leadership, demanding the evolution of the ruling party into one that engages with and respects its constituents. And the great advantage, unlike the confrontation in Zimbabwe in 1999, is that this administration has avoided debt at all costs, leaving it with resources in hand to expedite delivery and reform non-functioning institutions. The lesson of Polokwane

is that no ruling party leadership will be immune from popular challenge. After all, it is clear from the voting that there are still substantial dissenting minorities, in the ruling party, and despite tighter control by leadership, in the alliance partners as well.

One of the curdled legacies of struggle is that the people still see the state as fair game for cheating or plundering. Services, grants and institutions have been plundered, and, as emphasised in the 2006 Transformation Audit, at the top – universities, departments, tenders, housing, UIF – and at the bottom. Abusive public servants, massively unequal wealth as well as reports of crass conspicuous consumption on the part of public servants and the black economic empowerment (BEE) aristocracy reinforce this set of practices. Above all, the *Transformation Audit* scorecards on income inequality show South Africa's searing levels of inequality and profoundly felt relative deprivation by those 45.5 per cent of South Africans falling below a poverty line of R3 000 per year – despite incremental improvements in their lives – in the face of crass conspicuous consumption by the privileged.

The degree of resentment to this state is exemplified by the increasingly violent protests of the marginalised. Similarly, the mode of protest – as in Khutsong, Merafong – follows the pattern and practice of the United Democratic Front (UDF) in the 1980s, where the objective is to render the target area ungovernable. The Institute for Justice and Reconciliation's (IJR) SA Reconciliation Barometer, discussed below and presented in Chapter 1, has found that confidence in government institutions and approval of its practices has plummeted in the year to April 2007; not only the legitimacy of this presidency but also of democratic institutions has been damaged.

It is here that the character of leadership exercised by the two presidents, of the national government and of the ANC, will be crucial. Leadership styles can be divided between 'lumpers' and 'splitters' – those who pull groups together in a unifying strategy and those whose strategy is to divide and rule. This administration has been characterised by the latter, trading short-term gains for longer-term loss of legitimacy – and legitimacy not only of the leadership, but

also of the institutions associated with it. One of the major points of grievance in the ANC's leadership conflict has been the perception that enforcement of rules and laws has been dictated by factional self-interest – that retribution or accountability are not impartial, but are reserved for competitors. The virtuous cycle of leadership functioning to develop and hold institutions and their leaders to account, ensuring the predictability that citizens (and investors) desire from the rule of law has been broken. This is demonstrated in the erosion of public confidence in leaders and institutions that are an essential part of the social capital that enables development and the raising up of the mass of the people. But in particular, exclusionary identity has come home to roost in division and factionalism, with not merely racial but ethnic divisions becoming a stultifying element of political discourse.

National leadership demands a continuous effort to carry the people with the national project. However essential policies are – and there are many, with multifarious acronyms – they demand communication and engagement. This is not merely a strategy of 'win with spin', by controlling as much of the media as possible, but a demand of democracy.

THE DEVELOPMENTAL STATE

As indicated, a great achievement of the administration to date has been its abhorrence of debt, learned from experience of other African nations whose futures were blighted by falling into the debt trap, condemned to spend their substance on servicing debt, rather than development. Specifically, wariness of becoming indebted to the International Monetary Fund (IMF) to an extent that allows the lender to set terms, as in northern neighbours' painful and commonly destructive experience of structural adjustment.

However, this administration has been counting on four to five years of steady growth with major educational and physical infrastructure expenditure to bring the economy to the capability for a higher growth path of over 6 per cent. For this, together with interventions to strengthen essential infrastructure and manufacturing sector as a job creator, it needs four more years for policies already in place to pay off in high sustained growth. A better industrial policy is still awaited, and the institutional capability to apply it effectively and predictably. Investor confidence has held strongly during the rising political uncertainty of the past year, mainly because of strong economic performance. But an economic slump, potentially generated by global factors, could cause them to take flight. This is one of the reasons why ANC President-elect Jacob Zuma has been working recently to reassure investors.

However, they and other South Africans will be watching closely to see how he deploys his allies and associates. Populist economics and the spectre of Hugo Chavez' cult of personality are potential disincentives to local and international investors.

As Ralph Mathekga notes in Chapter 1:

The expectation [on the part of ANC supporters] ... has been that economic policy, and the ensuing growth pattern, should create jobs for majority of citizens. Hence this administration has in the past three years introduced into the rhetoric used to discuss economic policy the idea of a 'developmental state'. This amounted to a tacit acknowledgement on the part of government that economic growth needs to be directed by state intervention in a way that creates substantial numbers of low-skilled jobs of decent quality, thereby lessening the burden on the majority of citizens.

There are two shades of meaning to 'developmental'. The one meaning relates to bold interventions by the state and its institutions to achieve positive results. The other meaning describes a state of becoming – as when something is in a developmental stage. Each or both can apply to some of our crucial institutions. The latter type of developmental state is less able to do things for itself. It relies on outsourcing, consultants, caregivers who attend to its needs for attention. There are spats and squabbles, even in high-profile organisations. All of these are issues of discipline, which are derived from leadership and management capabilities.

The health of institutions and how they can be developed and stabilised is the subject of much discussion by economists and developmentalists. See for example Chang (2006), where he speaks of the institutions of democracy, the rule of law and economic planning. His conclusion is that development and institutional health are not gained by copying institutions from successful models; institutional diversity is a good thing (one size does not fit all), and institutions work best when they are adapted organically to fit the society/economy in question. However a key measure of institutional health, which Chang misses, is institutions' ability to be predictable in relation to those they administer, whether as economic facilitators or political representation.

In reviewing a range of effective institutions, Chang concludes that

Institutional imitation is rarely enough – in the same way technological imitation is rarely enough – to guarantee a successful institutional development (Chang 2006).

Dani Rodrik of the Harvard group, which has been influential on South African policy, also speaks of the importance of institutions which administer law, property and other legal rights, exchange rate institutions and lenders of last resort.

The good news is that everything that we know about economic growth suggests large-scale institutional transformation is hardly ever a prerequisite for getting growth going. It is true that sustained economic convergence eventually requires acquiring high-quality institutions... the initial spurt in growth can be achieved with minimal changes in institutional arrangements. In other words, we need to distinguish between stimulating economic growth and sustaining it. Solid institutions are much more important for the latter than for the former (Rodrik 2003). Once growth is set into motion, it becomes easier to maintain a virtuous cycle with high growth and institutional transformation feeding on each other (Rodrik 2004).

The vacancies in state departments and the rapid turn-over rate of people in government positions, as they swap departments as they climb the promotion ladder, are a concern. It is difficult to track these trends, as is shown in Jitseng's review of policy constraints on government (CDE 2007). Senior level positions remain unfilled, the juniorisation of functions and loss of institutional memory and skills make it difficult for weaker departments to deliver on their obligations. Chapter 2 provides a snapshot of some provincial capacity indicators, where the Auditor General's approval is not gained in an astonishing number of provincial departments, which also suffer from high vacancy rates.

These trends can lead on to an effective hollowing-out of parts of the state. This has obvious implications for delivery, but, beyond that, the long term effects impact on public confidence. The state is not longer so much an interventionist champion as a gate-keeper, with rules and procedures and compliance check lists to measure performance. The result is that many people with entrepreneurial flair and business acumen are repelled from employment in or involvement with government departments or agencies – unless they anticipate some corruptor cronyist advantage.

Different modes of leadership have different effects on the structures of government. The developmental state, given capable institutions, can lead by framing the rules of the game and enforcing them, acting swiftly when there is corruption or even poor publicity involving public officials – whether police chiefs, SETA CEOs or municipal managers. And screening potential employees with suspect past

performance, lack of qualifications – or insufficient experience. Developmental leadership means acting in cases of poor performance and supporting those of good. Building on the basis of good.

But a 'strong' state can manifest in other ways. Where the loyalty that is rewarded is not the loyalty of sticking to the mandate and doing the job, but that of patronage. Hiring friends and firing enemies – that is the mode of corrupt leadership. People are let go or hounded out not because of their performance but because of their perceived loyalty. Useless or corrupt people are not fired, unless they are enemies. When someone is given a responsibility, they are not held accountable on the way they perform – provided they are 'loyal'.

REDRESS IN THE PUBLIC INTEREST

Redress is an important and necessary part of transformation in South Africa, and affirmative action, employment equity and BEE are much needed. But redress without capacity can work against the public interest. This occurs when people are placed in jobs which they cannot perform – by reasons of skill, experience, temperament or inclination. The individual gets 'redress', but at the expense of penalising the public and tarnishing the image of government as an efficient service provider or administrator. Let us not forget that this cycle of popular challenge to the legitimacy of the state began with nationwide protests at lack of service delivery that began in 2005 in the townships of small and marginalised towns.

In this situation, where there may in fact be more bad judgment than bad faith, people are rarely held to account. The issue deserves open debate, as it is a public problem that needs a solution.

In other cases, government may set out the 'rules of the game' – and then set them aside selectively, as mentioned above. There is no better example of this mode of leadership in practice than within the ANC. The ANC has adopted a strict set of 'rules of the game' in its 'Eye of the Needle' document to guide the selection of candidates for election. These conditions are highly idealistic: Comrades are supposed to be honest, upright ANC members who are above reproach and have the aim of serving the people. Perhaps these rules are applied to elected officials. But what about 'deployees'? These may have special expertise, or may be preferred for jobs because of their party connections. The party needs to ensure that reliable, loyal people are in influential positions – in municipalities, provinces and government departments. But what is the impact when individuals who would not pass the 'eye of the needle' criteria are deployed into powerful positions?:

- The Travelgate criminal who had to leave parliament and then was deployed as a councillor in the Ugu district municipality;
- The sex pest who became the special advisor to the Premier of Limpopo;
- The disgraced chair of the Mpumalanga Provincial Housing Board (involved in the Motheo Construction scandal), who was appointed special adviser to the Minister of Housing.

Deployment need not be about cronyism. It may be a case of sending the right general to win a particular battle. You know he (or she) is right, because you know and trust him (or her) to get the job done.

CHAPTER 1: A CRISIS OF CONFIDENCE

Public confidence in democratic institutions is vital for a democracy. Economic outcomes and confidence in democratic institutions are each essential.

Ralph Mathekga's analytical article asserts that improved economic performance in South Africa is vital for the security of democracy in the country. Democracy is believed to be good for economic progress, but what are the implications if people do not perceive their economic conditions to be improving? Mathekga's argument is that this could have serious implications in the long term for democratic institutions and practice.

In Chapter 1, Jan Hofmeyr presents the results of the IJR Reconciliation Barometer survey of public attitudes to institutions such as the Presidency, the national government, broadcast media, local government and political parties. More to the point, he compares the results of a 2006 survey with one undertaken in the same month in 2007.

The results are striking, with declines in confidence being recorded across the board. The same pattern is evident in the perceptions that people expressed on government performance. Evaluations of government performance on items such as transparency and accountability, making correct appointments and also the implementation of affirmative action moved drastically, from positive to negative. The whole 'board' of performance areas changed its hue from green to amber, tending on red, in the space of a year. A similar, but less marked, trend is evident also in levels of trust in national leaders.

The IJR survey shows a significant deterioration in the perceptions that people have on government's performance in narrowing the income gap, managing the economy and reducing unemployment. Together the two articles suggest

that government and its institutions are increasingly unable to deliver the economic results and the basic confidence that are needed for stability. This is a most ironic situation, given the steady, if uneven, progress evident in real indicators of transformation in South Africa. The pace of this transformation is, in turn, retarded by the weakening in confidence.

The Chapters on the labour market, education and poverty, which focuses on land reform, are each assessing a complex of institutions essential to delivery and popular legitimacy of the state: the skills sector, the education complex, and land reform.

CHAPTER 2: THE LABOUR MARKET AND THE SKILLS SYSTEM

The Sectoral Education and Training Authorities (SETAs) are everyone's favourite example of failure in government institutions. According to press reports and conventional wisdom, they have failed in leadership. They have failed to spend wisely. They have failed to deliver in an area critical to the future of the economy and to democracy itself. The SETAs have failed despite having unlimited financial resources and the full support of government. They have failed despite their origins in a process of tripartite negotiation in the National Economic Development and Labour Council (Nedlac). Since 1994, there is no area of targeted intervention by the democratic state where failure has been so ubiquitous or so dire.

The problems within the SETA system have been many and varied, but several originate with the National Qualifications Framework (NQF) which is the basic reference point for both education and skills development systems in South Africa. The NQF is the cornerstone of the national Human Resource Development Strategy. All national education, training and professional qualifications offered by both public and private providers operate within the legal context of the NQF, which is superintended by the South African Qualifications Authority (SAQA). This system is a product of South Africa's democratic transformation. The SAQA Act of 1995 was the first law of the democratic Parliament that aimed at establishing a truly national learning system, covering both education and training from the most basic to the most advanced levels.

The adoption of the NQF and its translation into practice was an extremely ambitious undertaking. The plan was to move from the flawed, inequitable and ineffective learning systems of the apartheid period straight to an ideal system. Although planned and negotiated over a period of five years

or more, the system immediately experienced teething problems. These were clinically identified in the report of a study team appointed in 2001 and which reported in 2002.

This urgent report was not acted upon for a further five years as the departments of education and labour tussled endlessly with one another without finding a way forward.

As the first article in Chapter 2 demonstrates, there are now grounds for new optimism. The article has been prepared by SAQA and it sets out the elements of a radical change in the institutional structure of the NQF which was jointly agreed upon by the ministers of education and labour in late 2007. While the NQF remains in place, responsibility for the form and quality of vocational qualifications will be moved into a new structure, the Quality Council for Trades and Occupations (QCTO). This will be singly under the control of the Department of Labour. The Department of Education will continue to manage the responsibilities for adult basic education, schooling and higher education through the existing quality bodies. Hopefully, this new arrangement, which is to be confirmed by legislative changes in 2008, will remove the blockages and delays – and improve quality assurance – within the vocational training system. The disputes and debates between the two departments will obviously continue as the integrated system develops, but they will not have the destructive and distracting impact that has been the case in the past.

Carmel Marock's article on the SETAs is based on a wider study on the environment in which the SETAs operate. The article explains the uneven effectiveness of the SETA system (for there are some elements that function very well) largely in terms of the unrealistic scope of their activities. This is influenced both by their explicit mandate, which itself is broad, and by the additional policy burdens which have been placed upon the SETAs by the Skills Development Act. Government wants the SETAs to do everything from developing small businesses to skilling the unemployed youth who have not had much basic schooling. In addition to this, SETAs have to attend to their core functions of managing training provision and quality assessment and collecting data to understand and anticipate demand for different skills. Marock presents details on the weaknesses that persist in respect of implementation, effectiveness and the efficiency of the system and she points out areas for priority attention. But the article does not argue for scrapping the system, which has been built up under such difficult conditions and which now has seven years of tough experience to learn from. The judgment of the article is that significant progress has been achieved by SETAs and the Skills Development system and that, overall, the SETAs are

on a positive trajectory. The SETAs and the Skills Development system are still at a critical stage of institutionalisation. Future success depends on instituting changes that build on the current system and that continue to propel it forward.

The new agreement between the ministers of education and labour on the changes in the implementation of the NQF will provide an essential ingredient to the positive development of the South African skills system. Unions have to acknowledge that the skills system is not working. They need to find a way to back down from the adversarial mode they adopt whenever they participate in a forum. They won't get business to train more just by shouting. They and their members have to show that investment in training pays off for all.

CHAPTER 3: EDUCATION IS THE CRUX

In Chapter 3, Nick Taylor questions whether the short term measures now being implemented in programmes such as the Joint Initiative on Priority Skills Acquisition (Jipsa) and Dinaledi provide an adequate response to the longer-term needs of the educational landscape. Their limited focus will not contribute to the broadening of literacy and mathematical skills across the total population of primary school graduates, and it will, in fact, lead to higher levels of inequality within the system. Because of the bias of these interventions towards technical skills, the objective of a more educated and efficient public service might fall by the wayside. Taylor's emphasis is squarely on the need for primary school level reform. Without a system that can ensure that learners are able to read and do arithmetic when they exit, the long-term development of high-level expertise on the scale that is needed scale will not be possible.

Russell Wildeman in his contribution focuses on adequacy and quality debates relating to reforms within the school-financing framework. He argues that because of the way that government's funding norms work, the education sector could become trapped by an inability to motivate for increased financial support.

Despite official commitment to the transformation of the educational system as a whole, André du Toit points out that many Africans who do make it through higher education institutions have typically graduated from a small, privileged and de-racialised portion of the school system. The effect is that the truly disadvantaged African majority remain marginalised. Affirmative action and employment equity policy implementation has in recent years used 'demographic representation' rather than 'redress' as its main criteria. Du Toit contends that restorative measures, couched in

apartheid-derived race-based categories, can in this context become increasingly problematic from a social justice perspective.

CHAPTER 4: A POLICY FAILED BY THE INSTITUTION

Ruth Hall, in Chapter 4, looks at how the redistribution of 'white' farmland to emergent black farmers has impacted on poverty. She points to the very small proportion of farmland that has been transferred, because of institutional weaknesses, but her analysis questions the present concentration on simply trying to speed up the transfer of land. She shows how the forms of land use characteristic of land reform endeavors and the patterns of ownership and direction that one observes on these emerging farms, simply entrench existing problems and make the outcomes around poverty reduction and livelihood enhancement more difficult than ever to achieve.

She argues for a wider programme of agrarian reform based on the needs and capabilities of the people on the land as much as on the land itself and suggests a solution that will include more small-holder agriculture. This will deal immediately with the urgent and pressing poverty issue. Over time it will have an impact on land redistribution and black empowerment as a new class of black farmers acquires skills and confidence. And ultimately this will allow for South African agribusiness and big farming to be less of an all-white monopoly.

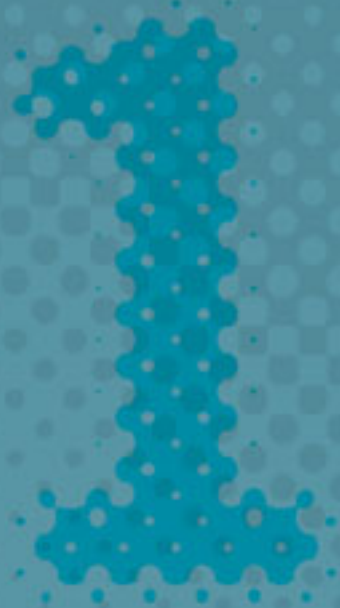
CONCLUSION

No trend in South Africa is ever overwhelming: the complexity and depth of capacity in our society is a source of resilience. A huge amount has been achieved. The successful payment of welfare grants, the roll-out of housing, water, electricity, sanitation, new roads are transforming the face of the nation. But on the other side we need to monitor institutional health which an essential part of our social capital, and we need a focused leadership and ruling party to take us to the next level.



Chapter one

Economics and governance



“South Africa has the institutions needed to deepen democracy. We do not need to legislate further structures, but we do need to deepen the performance of those we have.”

Scorecard	Economic performance scorecard	3
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review

ECONOMICS AND GOVERNANCE

Democracy came to South Africa overnight in April 1994. Everyone recognised that economic transformation would be a longer process. But now South Africa's democratic advantage, which it had banked on and believed secure, has begun to devalue in the face of inequality and institutional failure. This chapter considers the nature of the devaluation and discusses its consequences.

The Growth, Employment and Redistribution Programme (GEAR) was about 'putting the fundamentals in place'. When people spoke of the fundamentals, they were not talking about democracy. That was a given. They meant the economic fundamentals: a low budget deficit (now a surplus!), inflation under control, improvements in the level of foreign reserves and predictable monetary and fiscal policies.

The debate then was on why, with all the fundamentals in place, South Africa did not have stronger inward investment flows, stronger growth and more jobs. Policy adjustments have been made through the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) and others aspects of government's Programme of Action, for example, to address this.

The fundamentals remain in place – and more rather than less, despite a record current account deficit, punishingly high real interest rates and inflation that has broken free of its target range. But growth in South Africa is up, even to the extent that electricity demand is outstripping supply. There is strong new government investment in infrastructure. The Johannesburg Stock Exchange (JSE) reached record heights in 2007. The business confidence index, though off its peak 2006 level, remains high. These trends are all reflected in the economic performance scorecard, which shows positive change in all the indicators, except for inflation. Real per capita income shows modest growth while there has been strong real growth in exports and aggregate investment. The number of managers and professionals who are African grew by 125 per cent between 1995 and 2006, a period in which population grew by some 20 per cent. The rolling power failures are even being packaged as being the result of a booming economy and the success of economic policy.

The real economic problems in South Africa emerge more forcefully from the income poverty and inequality scorecards in Chapter 4. While there have been important improvements, 45 per cent of the population still live below the poverty line and inequality remains extreme.

This chapter raises questions about the implications of these pressing economic issues for democracy – the fundamental that has been so much part of South Africa's existence since 1994, that no-one thinks to list it.

Ralph Mathekga deals with the relationship between democracy and economic transformation. Democratic stability should result in better economic performance. But the lack of sufficient progress on economic issues – in solving what Mathekga calls the social question, especially in the eyes of the majority – is actually calling democracy itself into question as a useful tool for economic transformation. Because there are no jobs, because growth is not seen as being shared growth, democracy is coming under threat.

Jan Hofmeyr says that democracy will not work if people do not have confidence in its institutions. And they are losing confidence: He presents the results of an illuminating Institute for Justice and Reconciliation (IJR) survey on public attitudes. The undermining of confidence in representative democratic institutions is not due simply to failures of economic performance. It is also due to a measurable decline in trust in national leaders and in the perceptions of government effectiveness in fighting corruption and in promoting transparency and accountability within government.

In the 2003 document *Towards a 10 year Review* (RSA 2003), the Presidency said that democratic South Africa had done well in many areas, but that unless the trajectory of change found a new path in the second decade of democracy, we would be doomed. Jobs came out as a main problem. The Review said that government had succeeded best in the areas where it was in control and able to drive progress – water, sanitation, electricity, housing. And it had least impact in the areas it did not control – such as the economy. So the new plans were drafted to get government to do more in the areas it controlled and to extend its control over new areas.

As we approach the season for government's 15-year assessment, this chapter suggests that its ability to intervene in its own areas of control is actually diminishing. It cannot retain skilled people (the very worst area of performance in the survey). It does not make the correct appointments. And not only democratic institutions are failing. 2007 has seen a slew of governance failures in major economic institutions such as the Land Bank, the Post Office, and in electricity supply, where by its own admission government's own lack of foresight was responsible.

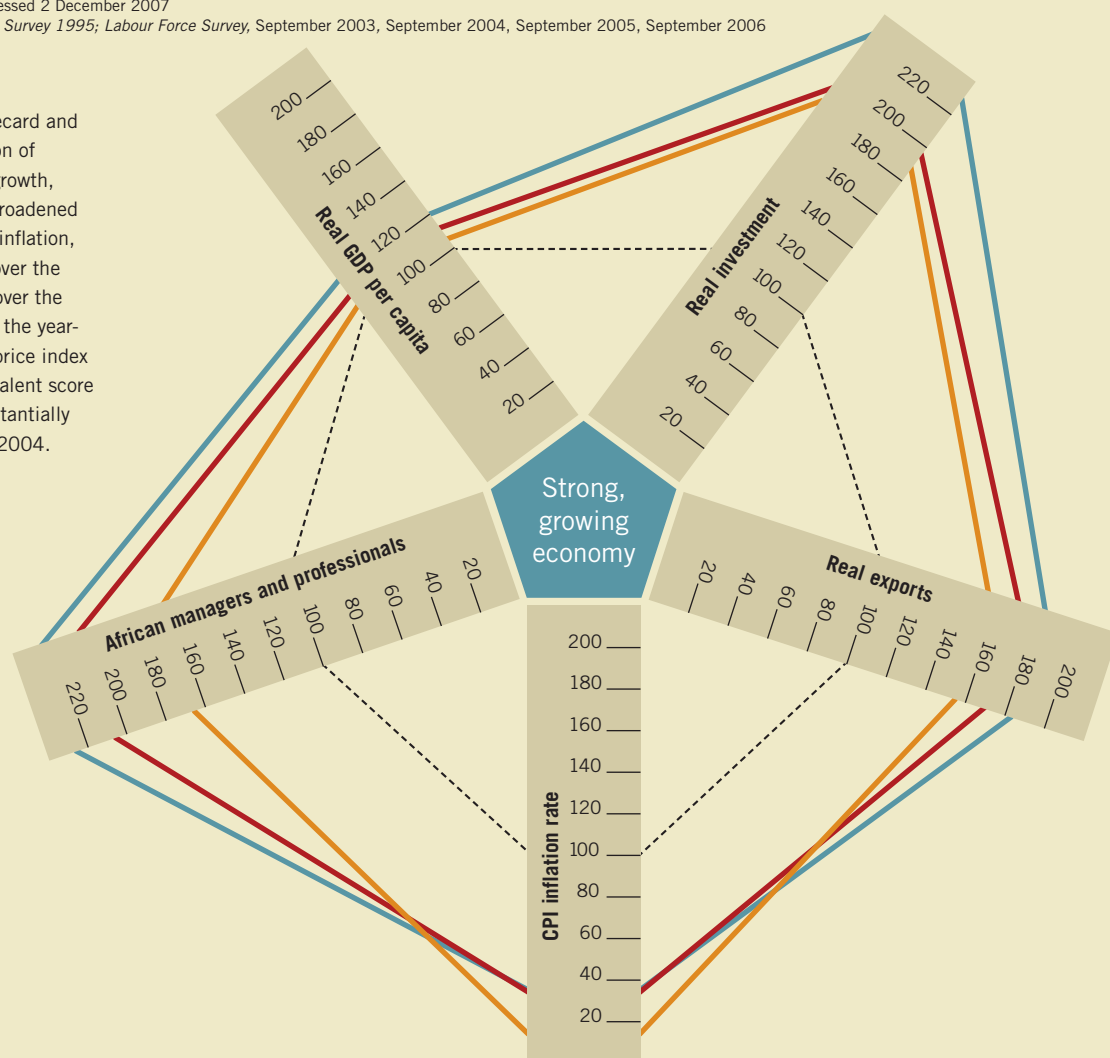
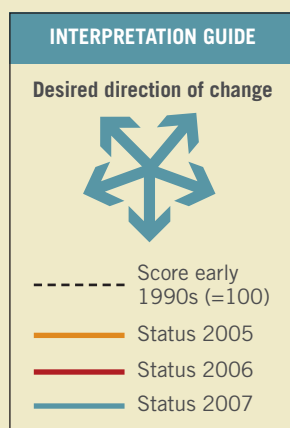
Economic performance scorecard

Transformation goal: A stable, broad-based economy, growing at a rate that creates wealth, given population growth						
Desired outcome	Indicator	Status 1990–1994	Status 2005	Status 2006	Status 2007	Positive development
Growth	Real GDP per capita ¹	R20 127 (Ave. 1992–1994)	R22 622 (2004)	R23 403 (2005)	R24 418 (2006)	↑
Stability	CPI inflation rate ¹	9.3% (1994)	1.6% (2004)	3.3% (2005)	4.6% (2006)	↓
Ability to access markets	Real exports ¹	R170 602 million (Ave. 1992–1994)	R270 214 million (2004)	R288 190 million (2005)	R311 916 million (2006)	↑
Broadened base	Managers and professionals who are African ²	216 772 (1995)	359 438 (2004)	444 020 (2005)	490 612 (2006)	↑
Investment	Real aggregate investment ¹	R102 784 million (Ave. 1992–1994)	R192 462 million (2004)	R202 778 million (2005)	R235 804 million (2006)	↑

1. Source: <www.reservebank.co.za> accessed 2 December 2007

2. Sources: Stats SA, *October Household Survey 1995*; *Labour Force Survey*, September 2003, September 2004, September 2005, September 2006

The Economic Performance Scorecard and Star provide a snapshot impression of changes in the key indicators of growth, stability, competitiveness and a broadened base for the economy. Except for inflation, all scores show an improvement over the early 1990s baseline, as well as over the scores for 2006. At 4.6 per cent, the year-on-year change in the consumer price index (CPI) is still better than the equivalent score for 1994 (9.3 per cent), but substantially up on the rate of 1.6 per cent in 2004.



analysis

THE DEMOCRACY PARADOX

Ralph Mathekga

In some circumstances the relationship between democracy and economic progress is not contentious because the two spheres are treated as separate. Thus one can usefully determine progress in democratic development separately from that of economic progress. While this approach may work for post-industrial societies – where the economies are to a greater extent capable of distributing resources to citizens – the reality in South Africa is that the standing of our democratic institutions is endangered. This is because democracy as a way of organising society continues to be perceived by the majority as not advancing their material betterment. While democracy is the founding principle of our nation-building, in South Africa it cannot be assessed separately from economic performance.

Democracy's inability to bring about an equitable economic structure poses a risk to democracy itself.

Democratic stability and economic performance are believed to reinforce one another. However, the perceived disconnection between political and economic systems in South Africa has become more acute and quite disturbing, fed as it is by political tension among the ruling elites. This is not merely a matter of rivalry for resources. It is the disconnection between political institutions on one hand, and solutions to the social question – addressing the historical legacy of exclusion and inequality – on the other that is the main driver of the present political conflict.

South Africa's history demands that democratic performance and economic success do not contradict each other. This argument does not arise from adherence to a particular school of thought or a philosophical conviction about how the economy ought to be influenced by politicking. It is rather informed by the reality of gross poverty and inequalities, entrenched by the long history of oppression and subjugation in the country. The idea of democracy in such a situation is not therefore employed for its aesthetic

value, but as a vehicle through which material needs of society can be realised. From this perspective it is sound to say that developing nations characterised by poverty and sharp inequalities need democracy even more. Assessment of transformation in post-apartheid South Africa is anchored on how democratic institutions have contributed towards bridging the economic gap in the country.

Recent statistics from the Institute for Justice and Reconciliation's (IJR) SA Reconciliation Barometer Survey show that confidence in a number of key institutions has waned quite significantly over the past year (see following research article by Jan Hofmeyr). Indeed, institutions at national, provincial and local level have in the past two years seen a major reversal of public approval and in the past year each of the three branches of government – legislative, executive and judicial – has declined in public approval. Given the central role that they ought to play in the transformation of our society, it is critical that we investigate the causes of these acute downturns in confidence in democratic institutions. Does this increased public cynicism have to do with perceived limitations of democracy as a vehicle to reach the ultimate goal of a better life for all South Africans? If so, then democracy's inability to bring about an equitable economic structure poses a risk to democracy itself. By looking at political and economic indicators, this chapter assesses South Africa's political economy, specifically the relationship between democratic institutions and economic performance.

ECONOMIC PROGRESS TO DATE

South Africa has experienced a remarkable economic turnaround since 1994, in circumstances not always favourable to recovery. This becomes evident when one takes into account that the process of regaining the country's fiscal stability had to commence from the ravages left by a bankrupt apartheid economy, and was later severely constrained by the Asian and emerging markets crisis of the late 1990s. The economic legacy of apartheid does not only express itself in the form of sheer ingrained inequalities, but also in the form of severe capital looting and wage distortions, as Alan Hirsch notes in his book *Seasons of Hope* (Hirsch 2005).

The ANC-led government walked into a fiscal crisis exacerbated by global conditions and worsened by the apartheid regime. Among the fiscal problems that the newly elected democratic government had to face was that of ensuring that foreign debt did not mount too high (as it almost always does in the developing world with major social investment). The priority of the new government was to restore fiscal stability, and end the 1980s' rapid oscillation

between recession and low growth. This has been attained, and South Africa has proved before the eyes of international capital that the government is indeed capable of managing the economy – certainly better than the apartheid regime.

There have been differences about how to attain economic growth with transformation in South Africa. Some favoured the Reconstruction and Development Programme (RDP) approach, which prioritised immediate major redistribution as a basis for growth, and might well have triggered a debt crisis. However, the fear of fiscal meltdown that South Africa faced in the dawn of its democracy, coupled with suspicion of populist macroeconomics such as the RDP professed, early on drove the adoption and sustained implementation of the market-friendly Growth, Employment and Redistribution (GEAR) policy.

The experience with GEAR since its official adoption in 1996 has highlighted the fact that economic growth does not always resolve the social question, and that stability does not guarantee strong growth. According to Creamer Media's *Research Channel Africa's Socioeconomic Update 2007*, South Africa has enjoyed sustained economic growth, with GDP growth increasing from an annual rate of 3 per cent to just under 5 per cent in 2007; in contrast to the 1980s, the economy did not go into recession at all. GDP growth in South Africa is expected to continue at an average of 5.1 per cent; an improvement on the average of the 1990s, but disappointing if compared to the 6–8 per cent envisaged in 1994. Economic growth so far has not met the ever-increasing demand for jobs, largely because the great majority of unemployed are unskilled and semi-skilled, while a substantial proportion of jobs created – many of which stand empty – require skills. This has caused the growth attained often to be dismissed as 'jobless growth'.

The pattern of economic growth seen in the last decade in South Africa has not as such been sufficiently distributive in its reach. Here, the view is not necessarily that GEAR has failed, but that it has not been able to address the longstanding social question in South Africa. If one looks closely at recorded positions within the African National Congress (ANC) on GEAR in the past few years, there are no significant differences within the ANC, as opposed to its allies. The expectation however has been that economic policy, and the ensuing growth pattern, should create jobs for the majority of citizens. Hence this administration has in the past three years introduced into the rhetoric used to discuss economic policy the idea of a 'developmental state'. This amounted to a tacit acknowledgement on the part of government that economic growth needs to be directed by state intervention in a way that creates substantial numbers of low-skilled jobs of decent quality, thereby lessening the burden on the majority of citizens.

Recent strong increases in public infrastructure investment, too, are part of efforts to catch up on capital expenditure and asset maintenance neglected in the 1990s in favour of social service development, to ensure that South Africa's economic growth spins off employment growth in labour-intensive sectors such as manufacturing and construction, rather than mainly in the skill-intensive service sectors. According to the 2007 Medium Term Budget Policy Statement, South Africa's medium-term estimate of public infrastructure expenditure will rise to 6.5 per cent of GDP, three times that of the 1990s.

The picture would not be complete without emphasising the importance of social expenditure. One of the key bottlenecks identified in South Africa's growth pattern is the question of skills shortage, with the economy growing most strongly in sectors in which there are not sufficient skills. The government's Joint Initiative for Priority Skills Acquisition (Jipsa) is another attempt – following for example such so far dubiously unsuccessful interventions as the Sector Education and Training Authorities (SETAs) – to address the constraint of skill shortage. A long-term solution to this challenge would be to increase effective expenditure in education, emphasising science, technology and artisanship.

POLITICAL IMPLICATIONS

The picture is inevitably more complicated than that presented above, but the main imperative can be summarised as the need to ensure that the economic framework in South Africa is not totally disconnected from the objectives of building a more equitable society in the country. The question then remains, since this priority is strongly endorsed by all elements within the ruling party, why has it featured in the reigning political debate, particularly the ANC's leadership race?

For the first time since the inauguration of democracy in South Africa, the impact of democracy on the economic lives of ordinary citizens is a question that has emerged in the past year as one of the sources of division and political tensions within the ruling party. The ANC has for a long time been able to maintain a united front to the effect that the government's economic policy is well placed and defensible, and our democracy is absolutely unquestionable. This is despite criticisms and reservations about economic policy – criticisms coming from within the tripartite alliance but from outside the party. The standing and validity of economic policy have never been part of internal politicking within the ANC, nor has there been sustained internal politicking about it for any length of time in the past.

We do not need to legislate further structures, but we do need to deepen the performance of those we have.

It is noteworthy that there appears not to be ideological dispute within the ANC around the current economic policy. The party adopted the policy as a pragmatic solution to South Africa's problems, and maintained a united front while the policy has evolved. However, the extent to which economic policies have successfully played a role in driving the party's liberation project has become a point of contention for the leadership within the ANC.

The social question – addressing the historical legacy of exclusion and inequality – is central to the ANC's popular mandate. At present, members' perception is negative. Recapturing the mandate is a central undertaking for the ANC in the coming year. It is interesting to note that there are no ideological differences between rival camps within the ANC as far as economic policy is concerned. This also means that, while questions have been raised about the incumbent administration's commitment towards poverty eradication and job creation, this question, as formulated during the ANC's succession debate, is not pre-packaged with ideological dogma; it is pitched as a practical question necessitated by the reality confronted on the ground.

It may sound illogical to say that there is a debate about economic policy while maintaining that those differences are not ideological in nature. However, the political struggle for leadership within the ANC is taking place in the atmosphere of a consensus on general policy espoused by the party, including economic policy. Therefore, once the phase of political tension has passed, one may expect the consensus on economic policy to continue.

However, since a political project has emerged about the extent to which economic policy has addressed the social question, the question at the centre of the political project cannot be suppressed. The post-Polokwane scenario will anchor itself on the economy's ability to eradicate poverty and bring about real changes for the majority. The gains for democracy in this case would be that the incumbent administration, with its experience, would have the expertise to close the gaps and prioritise poverty reduction and job creation. When a new administration takes over, the same principle would apply: it will still be imperative for the ANC, as a party, to be seen to address the social question via the economy in order to avoid further internal divisions or

criticisms from outside the party. Further, and even more difficult, is the fact that an incoming administration will have to prove itself better than the outgoing one, as it will be held accountable on the very questions it has raised about the economy's distributive pace.

DEMOCRATIC INSTITUTIONS

South Africa has the institutions needed to deepen democracy. We do not need to legislate further structures, but we do need to deepen the performance of those we have. The major delivery problem is commitment on the part of those responsible for implementation of policies. This dulls our institutions and their performance, and by extension it erodes the popular legitimacy and thus their mandate.

An issue that will require clarification is the place of the ANC in the governance process. At present there is a dilemma: constitutionally the ruling party, not the electorate, nominates members of Parliament and senior officials of the executive and parastatals; however, Parliament itself is supposed to enforce accountability upon the structures of the executive. The dilemma rests on the fact that to a considerable degree the ANC hierarchy decides whether and to what extent a particular individual or institution will be held accountable. The ANC itself effectively presides over the legislative-executive institutional framework, despite the constitutional principle of separation of powers. The ruling party is not at present enabling legislative and executive institutions to work according to the constitutional rules it negotiated itself, when it diverts the functioning of this accountability system. In the process it is damaging its own popular mandate over the long term. The accountability system itself, having come before the public eye in the present period of dissent, will remain as an issue to be grappled with and resolved.

That the debate about the economy and consequently about the depth of democracy in South Africa has resulted in political tensions within the ANC should not be viewed negatively. It elevates an already pressing question to a more

The ruling party is not at present enabling legislative and executive institutions to work according to the constitutional rules it negotiated itself, when it diverts the functioning of this accountability system.

prominent status. As long as this question is linked to political survival within the dominant party in the country, the need to address it will be more pressing than ever. South Africa has already borne the cost of delays in terms of distribution. The government's language on this is shifting in a manner that reflects understanding that as long as only a few are seen to continue to benefit from economic growth, the country's political stability will be at risk. The government's adoption of Accelerated and Shared Growth Initiative of South Africa (AsgiSA) simply shows acceptance that only a *shared growth* will make a difference. Democracy needs to be seen to improve the lives of those who employ it, or face attack on its institutions.



research

ELEMENTS OF TRUST

Jan Hofmeyr

CONFIDENCE IN INSTITUTIONS SHAKEN

It is impossible to overestimate the value of public confidence in a democracy. This is especially true for the new institutions of recently democratised states, such as South Africa. Because public confidence in these institutions engenders trust, and over time, legitimates their existence, it empowers them to fulfil their legislative, regulatory, protective or distributive obligations, even in times when the immediate consequences of their decisions may be unpopular.

This article demonstrates that if we rate 2007 solely on public sentiment, it has not been a particularly good year for confidence in South African public institutions. Quantitative data from the seventh round of the SA Reconciliation Barometer Survey, conducted on behalf of the Institute for Justice and Reconciliation in April and May this year shows that confidence, one of the primary components of trust, has dropped in a number of key institutions over the past year, as did public evaluations of government's ability to fulfil its mandate in key performance areas. The data suggest that the issues of transparency and accountability, commitment to the fight against corruption, and general trust in national leaders, are instrumental in explaining variance in public confidence in representative democratic institutions.

To understand why we cannot afford to be indifferent towards the question of public confidence in our institutions, it is useful to take a step back and look at the way in which public confidence fits into the concept of trust, to which it is so closely related (Halvorsen 2005: 28).

Firstly, all interactions that are based on trust presuppose *vulnerability* and therefore, by implication, a variable degree of risk. Within the context of the modern state, such vulnerability manifests itself in the intricate relationships between institutions, as well as the technologies that link them to one another. Unlike traditional societies where social transactions are conducted between personalities, the complexity of the democratic state forces ordinary citizens to relinquish a degree of self-determination to a multitude of

faceless institutions that most know little about. It follows that the more complex a state's machinations, the more vulnerable the citizenry becomes to potential exploitation, and the greater the need for such a state to inspire trust in its citizens.

Secondly, this state of vulnerability requires *reliance* on the object of our trust, which in this case is the collection of public institutions within a democracy. It implies recognition that desired outcomes are not possible without these institutions, and therefore that citizens are willing to submit to the discretionary powers that the democratic state exercises on their behalf.

As we know, this does not mean that citizens are completely defenceless in this regard, because true democracies have built-in sanctions designed to protect them. One of the surest ways to entrench public trust in democratic institutions is therefore, almost paradoxically, to institutionalise distrust by means of checks and balances that assure transparency and accountability (Sztompka 1997: 97–103).

This leads us to *confidence*, the third and probably most important precondition for trust. Without the positive expectation of a satisfying outcome, there will be no reason to risk vulnerability by reliance on an external agency. Within a democracy, this translates into the state's capacity; but importantly it also relates to the state's commitment to craft and implement inclusive policy that articulates the values of the broadest possible cross-section of citizens, without infringing on any basic rights. An inability to do so can lead to alienation, which provides fertile ground for the growth of alternative, and often conflicting, sources of power (Luhman 2000: 94–107).

THE CHALLENGE

In a number of ways, the challenges South Africa faces when it comes to nurturing trust in its institutions are not that dissimilar to those of other states that democratised during the so-called Third Wave of democratisation. Like most of these states, functioning institutions were in place at the time of political transition, but had to be transformed into democratic entities that were responsive to their citizens. In essence, their first years were devoted to the development of new regulatory frameworks that would imbue their states with sufficient levels of institutional certainty and coherence. Probably the greatest challenge in this regard has been to nurture trust in entities that enjoyed virtually no legitimacy prior to transition, while having to implement and entrench these largely untested frameworks at the same time.

The South African state has had to deal with these same

complexities, as well as come to terms with the living legacy of racial segregation and inequality that apartheid bestowed on its children. Although these conditions are no longer legislated, they persist; and because they do, they also shape the criteria for the conditions under which we are willing to extend trust to both our fellow citizens and our democratic institutions.

This means that the issue of race is superimposed on questions of vulnerability, reliance, and confidence, and when they arise, they often take on a distinctive racial character. Responses to the housing crisis in the Cape Town Metro are instructive in this regard. While a mammoth housing backlog has kept a large Capetonian underclass vulnerable, reliant on institutions with severe capacity constraints, and hoping for a better life, many of those affected have not only perceived their struggle as one for dignity, but also as a racial contest between coloured and black residents for access to public resources.

This scenario, which repeats itself in different guises across the country, whether it is in the labour market, land reform, the environment, or sport, signifies the immensity of the trust deficits that young democratic institutions in South Africa have to overcome. The persistent need to ensure the buy-in of suspicious, but important, stakeholders does take its toll on policy efficiency. Not only are our institutions under pressure to deliver on their material mandates to divergent constituencies with different expectations, they also have to do so over a very short time, in a fashion that ultimately strengthens confidence and trust across past divisions.

Such confidence is critical. When viewed against the immensity of the developmental backlogs in many areas, the great strides that government has made in improving the lives of millions often pale into insignificance. Ironically, at a time that government is spending more than ever before on the reduction of the vulnerability of its citizens, signs of impatience with the slow pace at which it is doing so are increasing across the country.

In the light of the above, one is forced to conclude that service delivery alone will not strengthen confidence, and ultimately trust, in South Africa's institutions of democratic governance. The sheer scale of underdevelopment and insecurity means that a mere channelling of resources at the problem will not remedy the confidence deficits that are eroding trust in many of our young institutions.

Under these circumstances, leaders and decision-makers need to take citizens into their confidence – or in the language of governance, they have to show commitment to the principles of transparency and accountability. Ordinary

people need to understand the complexity of the challenges and the role they can play to make a change. Most important of all, they need to be assured that their leaders care about them and are committed to improving their circumstances. Citizens need to know that there are severe penalties for those whose actions undermine the public trust, whether it is as a result of corruption or maladministration. In short, the message needs to be that it is not only about *what* you deliver, but also *how* you deliver that generates trust.

CONFIDENCE IN DEMOCRATIC INSTITUTIONS

Over the past two years the South African Reconciliation Barometer (SARB) Survey has tracked public confidence in 13 key public and private institutions. This nationally representative survey with a sample of close to 3500, conducted on an annual basis by the Institute for Justice and Reconciliation, tries to gauge the sentiments of ordinary South Africans to socio-political change, and in particular how it impacts on the question of national reconciliation. Its methodology regards the extent to which we succeed in developing a common political culture as one of the key explanatory variables in the search for national reconciliation, and shared confidence in institutions as one of the telltale indicators that impact on the variability of political culture. (The other variables are: Human Security, Cross-cutting Political Relationships, Dialogue, Historical Confrontation, and Race Relations.)

Table 1.2.1 contains a list of institutions (see next page). The first two columns indicate the percentages of South Africans who either had a 'great deal' or 'quite a lot' of confidence in them during the 2006 and 2007 rounds of the survey. The third column indicates the percentage change in registered confidence.

Two significant observations can be made about this table. During the 2006 round of the survey two governance-related institutions, the 'Presidency' and 'National government', were amongst the top three institutions eliciting high levels of confidence from respondents. In 2007 only the 'Presidency' remains and moves down to the second place after the non-governance-related, 'Religious Institutions' jumped the queue from fourth to first place.

Secondly, and probably the most disconcerting finding, is the fact that none of the institutions managed to improve on their confidence levels of 2006. In fact, 12 out of 13 showed declines of more than 5 per cent. The biggest losers were 'National Government' (-10.4 per cent), 'Political parties' (-10.2 per cent), 'Provincial government' (-8.8 per cent), 'Presidency' (-8.8 per cent), 'Parliament' (-7.9 per

cent), and 'Local government' (-7.1 per cent).

The factors that have influenced confidence in these institutions seem to have had an impact across the spectrum of the country's different population groups. While black South Africans as a group continue to show the highest levels of confidence in these institutions, their positive evaluations for these institutions have dropped considerably together with those of other groups.

Closer inspection of responses to these institutions by means of principal components factor analysis, reveal that the same institutions, with the exception of 'Political Parties' cluster together in a construct that can be termed 'Representative Democratic Institutions', that accounts for 26.1 per cent of the variance in responses on confidence. 'Political Parties' fell just outside the margin of 0.60 that was used to suppress items with smaller factor loadings. The other two constructs, 'Independent Democratic Institutions' and 'Private Sector Institutions' account for 18.7 per cent and 16.3 per cent respectively. This suggests firstly that citizens do make distinctions in terms of the nature of the institutions they evaluate, and secondly, that their sentiment towards 'Representative Democratic Institutions' is a powerful determinant of their general confidence in democratic

Table 1.2.1: Confidence in South African institutions

Institution	April 2006	April 2007	% Change
National government	73.1%	62.7%	-10.4%
Political parties	47.5%	37.3%	-10.2%
Provincial government	65.5%	56.6%	-8.9%
Presidency	77.0%	68.2%	-8.8%
Parliament	69.4%	61.5%	-7.9%
Local government	50.3%	43.2%	-7.1%
SA Human Rights Commission	66.6%	59.8%	-6.8%
Print media	64.4%	57.7%	-6.7%
Broadcast media	74.1%	67.8%	-6.3%
Legal system in general	61.1%	54.9%	-6.2%
Big companies	65.4%	59.9%	-5.5%
Constitutional Court	65.6%	60.5%	-5.1%
Religious institutions	69.8%	68.5%	-1.3%

2006: n=3484; 2007: n=3479

Source: SARB Survey 2006 and SARB Survey 2007. (Question: Please indicate how much confidence you have in each of the following institutions?)

institutions. It should be pointed out that although only two media institutions fall within this construct, our choice to categorise it as 'Private Institutions' was motivated by the fact that a third factor 'Big Companies' with a correlation of 0.54 that fell just below the 0.60 margin that we used to

Table 1.2.2: Evaluation of government performance

Delivery area	Well 2006	Well 2007	Difference
Transparency and accountability	66.7%	39.1%	-27.6%
Cost of living	60.6%	37.0%	-23.6%
Correct appointments	61.5%	38.2%	-23.3%
Implementing affirmative action	69.4%	46.4%	-23.0%
Controlling inflation	62.5%	40.7%	-21.8%
Reducing the crime rate	54.2%	33.0%	-21.2%
Narrowing the income gap	65.1%	44.8%	-20.3%
Fighting corruption	62.8%	43.0%	-19.8%
Retaining skilled people	47.7%	28.0%	-19.7%
Managing the economy	71.0%	51.7%	-19.3%
Encouraging international investment	72.4%	57.2%	-15.2%
Uniting all South Africans	77.7%	62.7%	-15.0%
Access to land	72.1%	57.4%	-14.7%
Police closer to community	68.9%	55.6%	-13.3%
Educational needs	78.2%	65.4%	-12.8%
Building houses	66.8%	54.2%	-12.6%
Ending political violence	73.9%	62.3%	-11.6%
Improving basic health services	73.4%	63.7%	-9.7%
Gender equality	82.7%	74.0%	-8.7%
Reducing unemployment	40.3%	31.9%	-8.4%
HIV/AIDS	71.2%	62.9%	-8.3%
Delivering basic services	75.2%	67.8%	-7.4%
Welfare payments	85.1%	80.4%	-4.7%

■ Above 60% ■ 50% range ■ Below 50%

2006: n=3484; 2007: n=3479

Source: SARB Survey 2006 and SARB Survey 2007. (Question: How well would you say government is handling the following?)

suppress smaller correlations.

From here we turned our attention to two other items in the survey, in order to explore the contention that transparent and accountable leadership in South African democratic institutions plays a critical role in the generation of trust in democratic institutions.

Table 1.2.2 contains a list of 23 items, which typically South Africans would use to evaluate government performance. The results show significant declines in approval ('Very Well' and 'Well' responses combined) for all of the 23 items over the past year. The approval ratings of seven items dropped by more than 20 per cent, five by over 15 per cent, and another five by over 10 per cent.

Amongst those items that showed the biggest declines, 'Crime' (from 54.2 per cent to 33 per cent), 'Cost of living' (from 60.6 per cent to 37 per cent), and 'Narrowing the income gap' (from 65.1 per cent to 44.8 per cent) are probably the least surprising. Others, like 'Making correct appointments' (from 61.5 per cent to 38.2 per cent) and 'Implementing Affirmative Action' (from 69.4 per cent to 46.4 per cent) were less anticipated. However, most noteworthy to this study is the steep decline of 27.6 per cent (from 66.7 per cent to 39.1 per cent) in positive public opinion on the item, 'Transparency and Accountability'. Again, all racial groups have registered significant declines in each of these evaluations. This suggests that a sizeable cross-section of South Africans seems to feel that government is playing its cards too close to its chest.

This leads us to the second item that merits investigation, the importance of trustworthy leadership in generating public confidence in institutions. The SARB Survey measures trust in national leadership by asking respondents to indicate their level of agreement with the statement: 'Most of the time I can trust the country's national leaders to do what is right'. As Table 1.2.3 indicates, positive responses ('Strongly Agree' and 'Agree') dropped by almost 8 per cent over the

past year from 64.5 per cent to 57 per cent. This decline also manifested within each of the population groups, with the exception of coloured South Africans, which showed a marginal incline from 44.5 per cent to 47.4 per cent. Given the substantial declines in the evaluation of government performance reported on above, this decline should probably not come as a surprise.

Thus far, we have established that confidence in public institutions has declined significantly over the past year, especially in institutions that can be termed 'representative democratic institutions'. Secondly, there were significant declines in terms of the positive evaluations citizens extend to government in large numbers of key performance areas, with the biggest casualty by far being evaluations for 'Transparency and Accountability'. Thirdly, public trust in national leaders has also shown a marked decline. We now need to establish whether there is a relationship between the declines in confidence in these three areas, as proposed earlier.

To test whether such a relationship actually exists, we attempted to devise a regression model using the 2007 data. The construct, 'Representative Democratic Institutions' was employed as a dependent variable, given its relative strength in explaining variance in confidence in the surveyed institutions. 'Trust in Leadership' and 'Transparency and Accountability' were employed as independent variables in this relationship. Given its proximity to the question of accountability, 'Fighting Corruption' was also entered into the model.

The proposed model with 'Transparency and Accountability', 'Fighting Corruption', and 'Trust in Leadership' as regressors, managed to explain just over a quarter of the variance ($R^2=0.253$) in terms of its relationship to the dependent variable, 'Representative Democratic Institutions' and is significant ($p<0.001$). 'Trust in Leaders' (Standardised Beta=0.391) proved to be the strongest item in this model, followed by 'Fighting Corruption' (Standardised Beta=0.154), and 'Transparency and Accountability' (Beta=0.092). All were significant at the $p<0.001$ level (see Appendix Table 1A).

Because it is the most recognisable symbol of representative democracy, we wanted to establish the extent to which the model also applies to Parliament, separately from the construct, 'Representative Democratic Institutions'. The result ($R^2=0.212$) shows that the model also has explanatory value for variance in confidence levels in Parliament and has significance ($p<0.001$). Again 'Trust in Leaders' (Standardised Beta=0.320) proves to be the strongest item in this model, followed by 'Transparency and Accountability' (Standardised Beta=0.148) and 'Fighting Corruption' (Standardised

Table 1.2.3: Trust in leaders

Year	SA	Black	White	Coloured	Indian
April 2006	64.5%	70.1%	36.3%	44.5%	48.0%
April 2007	57.0%	62.7%	26.8%	47.5%	40.6%

2006: n=3484; 2007: n=3479

Source: SARB Survey 2006 and SARB Survey 2007. (Statement: Most of the time I can trust the country's national leaders to do what is right.)

Beta=0.141). Again all the predictor variables were significant at the $p < 0.001$ level (see Appendix Table 1B).

DISCUSSION

This analysis has shown that trust in leadership, transparent and accountable government, and action against corruption account for just over a quarter of the variance in public opinion of 'Representative Public Institutions' in South Africa. Within this model, trust in leadership has proven to be the most decisive factor. Put differently, the sentiments that ordinary citizens hold on these three items, but particularly on the trustworthiness of leaders, will have a significant impact on the level of confidence extended to representative institutions.

This analysis also confirmed something that intuitively we have come to expect over the past year: confidence in Parliament has declined significantly (and so has confidence in the political parties that inhabit it). While it would be improper to assume that this decline forms part of a broader trend, its average size (7.9 per cent) is disconcerting.

There are without doubt structural factors that militate against greater confidence in Parliament. Party discipline, within the context of a dominant party that has been elected to power through a proportional electoral system, has diverted the direct accountability of MPs away from the electorate to their parties. As the recent selection process of the SABC board has demonstrated, this allows the ruling party to overrule the discretion of those they have deemed fit to legislate on behalf of the South African people (Mafela et al. 2007). This can only leave us asking why ordinary citizens should extend confidence to legislators if their own parties are not able to do so.

Another structural impediment is the unequal relationship between Parliament and the executive, which Tim Hughes refers to as one of 'amateur to professional' (Hughes 2006). This is not a phenomenon peculiar to South Africa. Across the globe legislatures are struggling to assert themselves against increasingly powerful executives, armed with arsenals of expertise and resources that often leave MPs with their scant research budgets ill-equipped. In the case of South Africa, the potency of this imbalance is reinforced by the strong links between the ruling party and its deployments in the executive.

From the perspective of this study, the normative questions relating to the behaviour of legislators and the extent to which it is being tolerated within Parliament are more concerning. As could be expected, the same confidence model – trustworthy leaders; commitment to transparency and accountability; and a tough line on corruption – for 'Representative Democratic

Institutions', also proved to be useful for explaining variance in responses to one of its key components, 'Parliament'.

While the SARB Survey did not ask respondents about their opinion on the Travelgate saga and the practice of floor-crossing, few aspects of political life in recent years have violated the principles contained in this model as much as these two events. Travelgate exposed elected leaders for not being worthy of public confidence; Parliament for failing to be transparent in its handling of the affair; and office-bearers and party leaders for being soft on their own members. Equally, floor-crossing proved elected leaders to be opportunistic and unaccountable to voters, and parties to be hypocritical for lamenting the unfairness of the practice, but embracing those that defect to them. Both exhibit a patent disregard for the trust and confidence that ordinary, often vulnerable, South Africans have vested in them.

Adam Habib and Collette Herzenberg (2005) suggest that 'political uncertainty is the essence of democracy' and they use Schedler's (2001) distinction between 'institutional uncertainty' – uncertainty about the rules of the political game – and 'substantive uncertainty' – uncertainty about the outcome of the game – in their analysis of political accountability in present-day South Africa. While institutional uncertainty is damaging to the prospect of democratic consolidation, substantive uncertainty is not. Regular elections and institutional checks and balances should ensure that those who hold public office do not exploit their positions.

In their assessment, much has been done to codify and entrench the political order, although when it comes to the nurturing of substantive uncertainty, deficiencies still exist. They propose a number of conditions, including the search for an alternative electoral system, to rectify this imbalance. One can only concur with their plea for this shift in focus, provided that we do not become complacent in guarding against the potential erosion of institutional certainty.

The mere existence of rules does not guarantee that the game will be played fairly. In order to ensure that it remains 'the only game in town', the rules have to be applied consistently by those we have been entrusted to do so. This requires the ability, and sometimes the courage, to exercise discretion. Punishing play that goes against the spirit of the game with a yellow card when in reality it deserves red, ultimately undermines the authority of the referee. Our findings on public confidence suggest that Parliament's leniency towards Travelgate MPs and its tolerance towards the practice of floor-crossing might have done just that. To keep the stands full, representative institutions, and Parliament in particular, will need to do much better.

Chapter two

Labour and the skills sector

“The economic prosperity of South Africa – and its ability to drive successful economic transformation – depends on the workers of the future being more highly skilled than workers of the past.”

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review

LABOUR AND THE SKILLS SECTOR

In 2007, 7.6 million South Africans wanted work but could not get it. To an important extent, this was because they lacked skills. The greater the proportion of people in a country with high level skills and qualifications, the more likely a region is to be booming economically. The evidence suggests that this trend will become more common and more pronounced in the future.

This chapter on the labour market focuses exclusively on issues of skills development. It reflects on the environment in which the Sectoral Education and Training Authorities (SETAs) operate and looks forward to the fundamental changes in the system announced by government in late 2007. The SETAs are institutions that were created because government, business and labour saw the desperate need for intervention. The skills system, and its cornerstone, the National Qualifications Framework (NQF), was negotiated in Nedlac in 1996. The system has been richly funded, to the extent of over R20 billion since 2000, when the SETAs were established. Yet in 2006, government announced a new programme, the Joint Initiative on Priority Skills Acquisition (JIPSA). There could be no more clear illustration of the failure of the complex system planned in the NQF.

The problems in the NQF system had been evident from the start. In 2002, the Report of the Study Team on the Implementation of the National Qualifications Framework singled out the contestation between the Departments (and Ministers) of Education and Labour as the single most serious challenge undermining the implementation of the NQF.

The study team reported a general dissatisfaction with the pace of implementation of the new skills framework. It commented:

The architecture of the NQF, embracing policies, regulations, procedures, structures, and language, is experienced as unduly complex, confusing, time consuming and unsustainable. Concerns with the architecture were linked to uncertainty over the respective responsibilities of SAQA [the South African Qualifications Authority] and government Ministers and departments, and a perception among many stakeholders of a lack of leadership at all levels (DoE & DoL 2002).

This failure of leadership, signaled in the report, meant that this urgent warning was not acted upon for five years.

The article by the South African Qualifications Authority (SAQA) sets out the details of the planned radical intervention. This supports the thrust of the NQF in all respects but introduces a new institutional structure, in the form of Quality Councils. The Quality Councils for Schooling and Higher Education (based on the existing Umalusi and Higher Education Quality Council) will be supplemented by a third, the Quality Council for Trades and Occupations (QCTO). The QCTO will be under the Department of Labour, while the other two will be under the Department of Education. SAQA, presently the joint responsibility of the two ministers, will be the responsibility of the Department of Education. These changes will be ushered in gradually, following legislative changes in 2008. The new arrangements will rationalise the quality assurance environment for SETAs, an area of acute under-performance. The vision of an integrated education, training and skills system remains, but with a new institutional character.

These intended and long-delayed changes speak directly to the concerns raised in the second article in the chapter on the SETAs, by Carmel Marock. Drawn from in-depth research into all the SETAs, the article highlights how their impact has been reduced by the wide scope of their responsibilities. The QCTO has the potential to assist with the quality weaknesses, and institutional weaknesses are progressively being addressed, following changes in the Skills Development Act in 2003, which allow the Minister of Labour to intervene in SETA management directly.

Although the research on which the article is based concluded that the SETAs are on a positive trajectory, much work needs to be done. The determined changes proposed to the NQF add support to the argument that SETAs should be retained as the key element in the skills system and strengthened by building on experience. Government is at last acting and leading. Any alternative system to SETAs would come up against exactly the same problems revealed in the article. These are not the result of mistakes but are products of inheritance and the environment.

The economic prosperity of South Africa – and its ability to drive successful economic transformation – depends on the workers of the future being more highly skilled than workers of the past. A huge reliance is placed on the skills development system provided by the SETAs and its re-tooling with the QCTO. The needs are not only in providing the training effectively, but also in monitoring demand, predicting future skills needs and preparing the system to respond.

Labour market performance scorecard

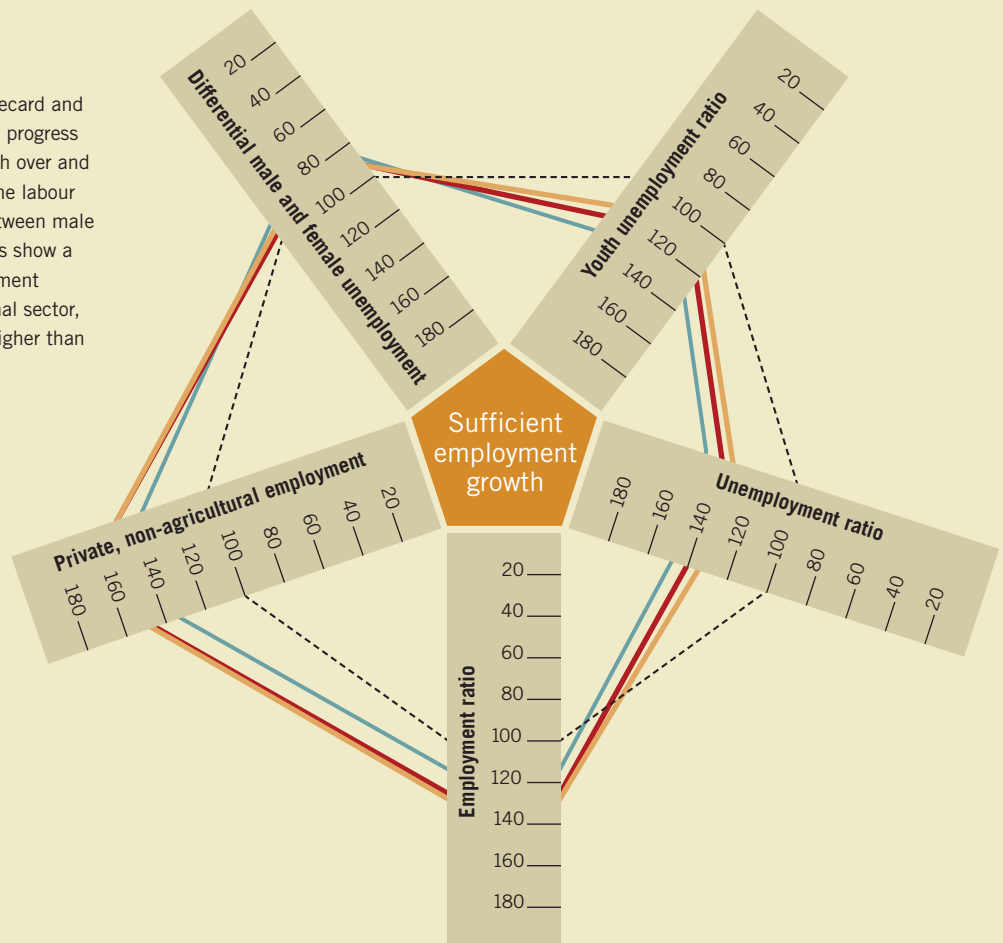
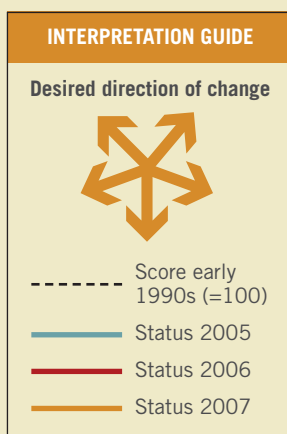
Transformation goal: Consistent employment growth in excess of new entrants to the labour market						
Desired outcome	Indicator	Status 1990–1994	Status 2005	Status 2006	Status 2007	Positive development
Adequate employment growth	Employment ^{1, 2}	9.6 million (1995)	11.2 million (2003)	11.9 million (2004)	12.3 million (2006)	↑
	Private non-agricultural employment ²	6.7 million (1995)	9 million (2003)	9.7 million (2005)	10.0 million (2006)	↑
	Unemployment (expanded definition) ³	27.80% 4 million (1995)	40.80% 8.1 million (2004)	38.80% 7.8 million (2005)	37.5% 7.6 million (2006)	↑
Absorption of first-time entrants	Youth unemployment ³	41.50% 2.9 million (1995)	52.90% 5.9 million (2004)	50.40% 5.7 million (2005)	48.6% 5.5 million (2006)	↑
Broad-based employment	Differential between male and female unemployment ³	1.58 (1995)	1.43 (2004)	1.48 (2005)	1.47 (2006)	↑

1. Excluding small-scale farmers

2. Sources: Stats SA, *October Household Survey* 1995 to 1999; *Labour Force Survey*, September 2003, September 2004, September 2005, September 2006

3. Sources: Stats SA, *October Household Survey* 1995; *Labour Force Survey*, September 2003, September 2004, September 2005, September 2006

The Labour Market Performance Scorecard and Star provide a snapshot impression of progress towards consistent employment growth over and above each year's new entrants into the labour market. Except for the differential between male and female employment, all indicators show a positive year-on-year change. Employment continues to grow strongly in the formal sector, though youth unemployment is still higher than in 1995.



research

WHAT ARE THE PROSPECTS FOR SETAs?

Carmel Marock

Intense debates have been raging in the media and in the policy arena, over the past few years, as to whether SETAs, the Sectoral Education and Training Authorities, are in fact assisting or hindering skills development.

The Employment Promotion Programme (EPP) commissioned a study to provide a comprehensive picture of the SETA environment for stakeholders to collectively understand the different approaches that are being adopted by SETAs in carrying out their mandate. The effective functioning of the SETAs is critical to the overarching skills system in South Africa.

All SETAs contributed data for the review and interviews were conducted with board members and staff. Except in one case, the SETA CEOs all made themselves available for a face-to-face interview. Views were obtained from government officials responsible for the oversight of SETAs and from businesses. The research team also interviewed several individuals who were, at different points, centrally involved in the development of South Africa's skills development strategy. A self-completion questionnaire was distributed to board members and Education Training Quality Assurance (ETQA) managers in SETAs and to HR managers in companies.

The South African skills system has yielded great volumes of documentation and the review considered a range of the studies that have been written about the evolution of South Africa's skills development strategy from the National Training Strategy Initiative (NTSI) in 1994 to the National Skills Development Strategy (NSDS) I to the current NSDS II. A separate study was commissioned on the statutory framework relating to skills development and, specifically, the SETAs. In addition, the team also collected reasonably comprehensive data on the Sector Skills Plans (SSPs) for the 2005–2009/10 period, including a complete batch of the SSP Updates for 2006/07. Annual Reports were reviewed for the periods 2004–2005 and 2005–2006, along with data on registered learnerships, learners and Workplace Skills Plan (WSP) templates. Difficulties were encountered in some cases with the internal validity and reliability of the data.

These problems point to the critical need to improve the data capture, management and reporting systems used by the SETAs. Nevertheless, the data obtained did allow the compilation of a broad and interesting picture of the SETA's achievements.

SETAs form part of a broader national system of training and skills development that includes the schooling system and tertiary education. It also touches upon the training that businesses provide for their employees and the learning that people acquire in the course of their lives. It is necessary to see the SETAs within the context of a 'delivery chain' so as to understand two things:

- The extent to which the systemic environment in which the SETAs are located supports, or hinders, their ability to perform their functions effectively and efficiently.
- The way in which the scope of the SETAs has been interpreted in relation to the mandates of the other institutions that are critical to the overall success of the skills development strategy.

SETAs are seen as the central mechanism for mediating the relationship between training (supply side) and economic and social requirements (demand side). SETAs are central to interpreting the skills requirements in the context of economic demand, but they do not create demand. This is a very difficult task given the gaps in data available from employers and the system in general. Bad source data has knock-on effects that compromise the various levels of planning. This planning has to have a view on both changes in the composition of jobs in the economy, and on changes in the skill requirements of individual occupations (Archer 2006).

SETAs are confronted not only with an inherently difficult task but also with an institutional environment that is new, uncertain and in a state of instability. Institutions take time to mature and to reach sustainable effectiveness. The Presidency, in the 2003 document *Towards a 10-year Review*, comments that though economic policy processes in the first decade of democracy were sound, one of the key limitations in the implementation of economic policy has been the cost of institution-building. It observes that:

Institutions, such as some of the small business agencies, the National Empowerment Fund, the National Development Agency, the Umsobomvu Youth Fund, some of the SETAs, and many local government level economic agencies, have taken a great deal of time to become effective (RSA 2003).

Some key lessons are that the cost of institution-building should not be underestimated, and that, where possible, new tasks should be incorporated into the work of existing successful agencies. There is a need to pinpoint and focus on the blockages that stand in the way of implementation. This leads to a twofold question: in which activities have the SETAs developed increased capacity over time, and in which areas do the SETAs appear still not able to operate effectively? What is needed is an evaluation of the strength and capacity that each SETA has in relation to the proposed scope of its functions.

WHAT ARE SETAs SUPPOSED TO DO?

The short answer is pretty much everything to do with skills development, which has been identified as the principal constraint that is preventing the development of the South African economy.

The focus on skills is not the problem. The problem emerges from the competing expectations with which stakeholders entered, and continued to engage with, the skills development policy debate. For example, there is firstly an urgent need expressed by the labour movement for skills development to support redress and equity to ensure that the union members have individual access to employment and promotion opportunities. Secondly, employers need skills development to support increased levels of productivity to bolster their position as competitive producers. Thirdly, educationists advocate that the skills system should develop generic competencies that support recognition of prior learning, portability of qualifications and continual learning. While, these objectives are not mutually exclusive, the effort to accommodate them all has produced a very long list of objectives assigned to the system through the Skills Development Act:

- To develop the skills of the South African workforce:
 - to improve the quality of life of workers, their prospects of work and labour mobility;
 - to improve productivity in the workplace and the competitiveness of employers;
 - to promote self-employment; and
 - to improve the delivery of social services.
- To increase the levels of investment in education and training in the labour market and to improve the return on that investment.
- To encourage employers:
 - to use the workplace as an active learning environment;

- to provide employees with the opportunity to acquire new skills;
- to provide opportunities for new entrants to the labour market to gain work experience; and
- to employ persons who find it difficult to be employed.
- To encourage workers to participate in learnerships and other training programs.
- To improve the employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education.
- To ensure the quality of education and training in and for the workplace.
- To assist:
 - work seekers to find work;
 - retrenched workers to re-enter the labour market; and
 - employers to find qualified employees.

The existence of such an extensive list of objectives and their relationship to each other, have resulted in a number of unintended outcomes in the process of implementation.

In particular, two unintended outcomes stand out.

The first significant unintended outcome arises from the large scope and number of objectives. In policy terms, the long list of objectives represents a huge, and arguably, unrealistically complex mandate (in scope and technical difficulty) for an emerging system that is struggling to establish its institutions. These challenges are rendered even more serious when one reflects on the uneven level of capacity available in a developing country such as South Africa. It should be noted here that the experience of highly industrialised countries with similar models of skills development but, which some may argue, with somewhat smaller scope, suggests that implementation was anything but easy and demanded highly developed levels of capacity.

The second significant unintended outcome relates to the fact that all the objectives are given equal priority in the National Skills Development Strategy (NSDS). In specific instances, some of these objectives operate as competing objectives and compromise the implementation of the NSDS. The following two examples illustrate this point:

- Tension is emerging between implementing the targets identified through the Sector Skills Plan (SSP) versus those targets contained in the Service Level Agreements (SLA), which have been mediated by the priorities outlined in the NSDS. This tension emerges

in the analysis of the scarce skills training, where it can be seen that many of the SETAs are not adequately addressing scarce skills through providing training at the level where there is an identified scarce skill need. Instead SETAs have emphasised ensuring that large numbers of individuals access programmes in accordance with the requirements of the NSDS. This translates into increased access for individuals for programmes on levels 1 and 2 on the NQF. This affects costing, because in order for SETAs to reach their numerical targets, it is almost impossible resource-wise to plan for programmes of a longer duration than a year – a requirement, if learners are to move from lower levels on the NQF to higher levels, which represents the levels in which there is an identified scarcity of skills. This uncomfortable prioritisation links to the system's multiple objectives, but also to the manner in which these objectives are translated into myriad indicators that further emphasise the different priorities of stakeholders. NSDS Objective 1's indicators emphasise the need for skills development to support increased productivity and competitiveness of employers, and the role of skills development in terms of promoting quality of life and labour mobility. The continued tension on this point emerges in discussions, where role players articulate an urgent need for SETAs to support programmes that are consistent with Accelerated and Shared Growth Initiative for South Africa (AsgiSA) priorities. Many of the SETAs indicate that it is difficult for them to respond to these requirements, because of agreed commitments related to the NSDS, which are contained in the Service Level Agreements.

- Another example is the imperative placed on Education and Training Quality Assurance Bodies (ETQAs) to ensure the quality of training in the workplace, whilst at the same time focusing on policy requirements to increase the number of small, medium, micro enterprise (SMME) providers. ETQAs indicate that they are unable to fully meet their quality assurance requirements because of the growing number and geographic spread of providers, and the related need for high levels of provider support, given the number of emerging providers.

Both of these examples highlight how different stakeholder expectations have been integrated into the NSDS, and how this impacts on the ability of SETAs to navigate these different needs and successfully achieve the identified objectives.

All the objectives are clearly compelling in the context of South Africa's transformation agenda. While they are not mutually exclusive in principle, some of the objectives tend to operate in conflict with one another in practice. The effect of this phenomenon is significant, as the ability of the system to deliver on key objectives becomes severely constrained. In the context where objectives tend to operate in conflict and where there are no clear policies that discriminate between these objectives in terms of their importance, any system would tend to favour those objectives that are easier to achieve or which performance reviews and incentives tend to favour.

It is therefore extremely important for the system to distinguish between what are considered to be the primary objectives of the skills development system and what may be regarded as secondary objectives.

For instance, if the primary objective of the system is 'quality skills provision for growth', then it can be clearly seen that if we do not meet the objective of quality provision, there is little point in celebrating the achievement of the accreditation of large numbers of SMME providers that cannot offer quality education and training.

The SETA Review demonstrates that the scope of functions undertaken by the SETAs has increased in significant ways since their inception. When the outputs achieved by SETAs are compared against the objectives set out in the National Skills Development Strategy it is evident that the SETAs have come to take responsibility for the achievement of all the objectives outlined in the Skills Development Act (SDA), including those that were previously assigned to other institutions. Some examples of this 'scope creep' include the following: training career guidance counselling; recruiting learners directly into learnerships, as well as ensuring that learners are placed in the workplace; and promoting SMME creation.

- In the case of SMME promotion, for example, the SDA states that the intention of the Skills Development Strategy is to promote self-employment, but it does not articulate a specific role for the SETAs for this component of the strategy. However, in practice, SETAs are held accountable for small business development in respect of a range of targets. And while some of these targets are consistent with their statutory scope, others are clearly not. For example, in terms of the SDA SETAs are required to ensure that small businesses access the grant, and that small businesses are able to participate in, and benefit from, the skills development strategy. However, SETAs are currently also directly supporting the establishment

of small businesses as a placement strategy and, as indicated previously, a large part of the quality assurance work is focused on creating SMME providers. This additional responsibility represents a significant increase in scope, and concomitantly requires a substantial additional pressure on institutional capacity.

- Some of the additional responsibilities that the SETAs have picked up form part of the mandate of other institutions within the Department of Labour – such as the Umsobomvu Youth Fund - but also part of other departments, notably the Department of Trade and Industry. It is preferable that these institutions, which are specifically resourced to assist SMMEs, be held to account for these activities, rather than simply extending the scope of the SETAs. There is no doubt that SETA effectiveness is reduced as the scope of activities increases. By assuming these additional responsibilities SETAs create unrealistic expectations and further undermine the credibility of the service they seek to provide.

Fukuyama (2005) provides a useful model for analysing this question further. In his analysis of different states and their respective strengths and scopes, Fukuyama highlights the importance of distinguishing between strength and scope. A key problem that recurs in certain discourses on the state is to conflate notions of strength with that of increased scope and, in that way, contributing to state failures on account that the scope has been delineated far too widely to be feasible. Fukuyama contends that a key

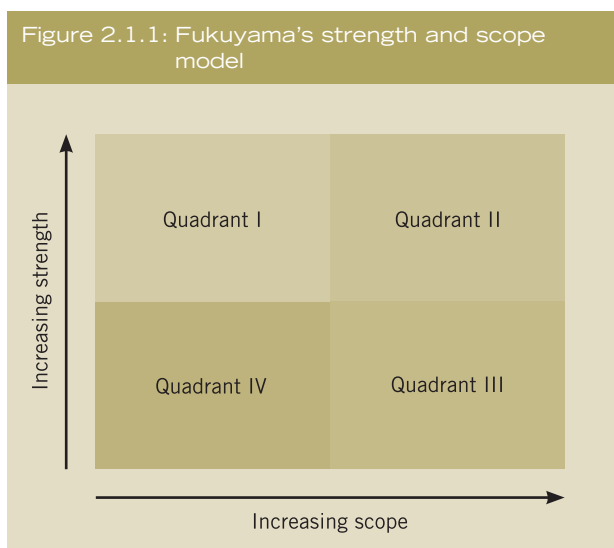
public policy objective of state building is to ensure that strength is increased, even if this necessitates a reduction in scope.

This argument can be graphically illustrated by Figure 2.1.1.

In terms of this model, the ideal location would be within quadrants I or II – that is, to have a high level of strength with a scope that is somewhere on the X axis continuum which ‘...stretches from necessary and important to merely desirable to optional, and in certain cases where there is an increase in scope (with diminished strength) to counter-productive or even destructive.’ In applying this analytical framework to institutions or systems, it would imply that an increase in scope, without strength, would eventually give rise to a situation where the institution reaches a point where the increase in scope is counter-productive; that is, where ‘lots of things are done badly’.

It is clear that the SETAs collectively bear a mandate that is very high in scope, but without the commensurate capacity to undertake the various functions arising from this scope. In terms of Fukuyama’s model, they therefore fall within Quadrant III of Figure 2.1.1 above; representing the least desirable situation to be in. The negative consequences identified by Fukuyama and described above are therefore likely to arise with strong probability. Some of the most intractable problems being experienced across SETAs are evidence of this phenomenon (see Figure 2.1.2).

The SETA Review suggests strongly that the question of scope is one of the most important issues that the skills development system is currently faced with. There needs to be a careful consideration of what elements of the scope are essential in the current period and which the system will be able to cope with, given current capacity and the stage of institutionalisation of the system.



HOW ARE SETAs SUPPOSED TO DO THEIR WORK?

Not only do the SETAs have a difficult job that is too broadly defined, they have a very difficult environment in which to carry out their activities. This relates, firstly, to institutional arrangements.

The institutional arrangements that have been established by South Africa's skills development policies are very complex. The system of governance, and the related legislation and policy that are designed to promote accountability and effectiveness, are predicated on a high level of devolution. This approach is intended to simplify decision-making and, in so doing, enhance effectiveness. But devolution inevitably increases the risk of financial

mismanagement and the system seeks to mitigate these risks through various institutional mechanisms. The pre-eminent institutional mechanism, in this regard, is the system of internal audit and policies and procedures for Supply Chain Management and Risk Management.

Surprisingly, the research findings show that the audit outcomes of SETAs compare very well with those of National Departments and Public Entities (See Appendix Table 2A). Indeed, there was a greater proportion of SETAs that achieved clean reports in both 2005 and 2006 compared to the other categories. These findings may run counter to general perceptions, as most people are more likely to expect SETAs are much worse in a comparison of this nature.

But it is also true that a significant number of SETAs have not been able to implement some of the crucial institutional mechanisms. Particularly worrying is the fact that a number of SETAs have not been able to establish a credible internal audit capability and that there are a number of SETAs that are consistently failing in their governance functions. The new Skills Development Amendment Act creates the space for the Minister of Labour, as the executive authority, to act decisively where required.

To assist in addressing these challenges, it is extremely important for an explicit stance to be taken in relation to under-performing and culpable SETAs. There are consistent concerns relating the performance of certain SETAs. In these cases, there is a need for a credible forensic audit that provides reports to the executing authority without interference from SETA management and board. This action will also serve to clear any misconceived perceptions of financial

impropriety. If culpability were uncovered in the process, it would be important that prosecutions follow to protect the integrity of the SETA governance system. This is needed to ensure effectiveness of the skills development system. At present, the serious shortcomings that are confined to a limited number of SETAs are shaping public opinion of all SETAs. Apart from this being unfair, it tends to compromise the integrity of the skills development system.

SETAs were born from a complex process of negotiation within Nedlac. The resulting agreement between government, business and labour, provided a valuable link between the fierce labour struggles that defeated the apartheid regime and the potential for a more constructive role for labour at start of the democratic transition. Tripartism is an essential success factor for the SETAs, in a country in which labour involvement remains strong. But old traditions die hard and many of the SETA boards have failed to realise a coherent identity. They fall back to the conflictual operating culture of the bargaining council. To support the effective functioning of the boards an increased government presence, in seniority of representation and, in some cases, in higher numbers than currently allowed, would help to break the inertia that often characterise labour and business dealings.

One of the most significant challenges in the present governance policy provisions is the fact that the complex and serious nature of board members' responsibilities do not reconcile well with the part-time nature of their tenure and casual nature of practice. There is also a need for board members to be properly and *independently* trained for their roles.

Figure 2.1.2: Fukuyama's strength and scope model applied in the assessment of SETAs' capacity to undertake their current mandates and options for redefining the scope of mandates to improve feasibility

Responsibility	Develop a sector skills plan (SSP) within the framework of the national skills development strategy
Minimalist scope related to responsibility	Signal broad trends emerging from a national analysis of broad economic trends
Activist (high) scope related to responsibility	Detailed forecasting which allows for a modelling exercise which translates knowledge of skills needs and a functioning training system
Review of current capacity	In the main, there are a few good examples in this area. There appears to be very limited strength and capacity: SETAs do not have sufficient data pertaining to current skills in the sector. Nor is there reliable data on training taking place. There appears to be minimal capacity to model different scenarios and instead, there are lists of occupations which in many cases do not appear to be a credible representation of scarce skills.
Feasible option based on current capacity	SETAs should focus on the development of SSPs that focus on broad labour market signalling of skills requirements rather than on detailed planning. The SSPs should have an increased focus on strategic plans to support training in scarce and critical skill occupations. This suggests that while the policy objective may lean towards detailed modelling processes (albeit not manpower planning), it is more realistic to consider the possibility of SETAs focusing on providing signals, which suggest occupational trends that are emerging as important (defined by growth and scarcity) in the context of broad economic trends and improved data about existing skills and training.

Responsibility	Establish and promote learnerships : • identify the need for a learnership; • develop and register learnerships; • identify workplaces for practical work experience; • support the development of learning materials; • improve the facilitation of learning; and • assist in the conclusion of learnership agreements and register learnership agreements.
Minimalist scope related to responsibility	Identifying and registering learnerships with the DoL, registering learnership agreements and encouraging employers to host learnerships
Activist (high) scope related to responsibility	Identifying and registering learnerships with the DoL: registering learnership agreements and developing national curricula with associated learning materials and assessment instruments, managing learnerships and recruit learners and ensuring that there are sufficient number of workplaces
Review of current capacity	The SETAs are unevenly managing the learnerships (including selection of learners). They have shown an increased capacity to identify and register learnerships, there are increased activities to support the development of curricula. However, the learnerships are not, in the main, either addressing scarce skills, or enabling learners to access scarce skill programmes. There has also not been a consistent application of assessment and moderation practices.
Feasible option based on current capacity	The SETAs should focus on the identification of the need for learnerships (as part of SSP process); should advocate for workplaces and should ensure that learnerships are registered with DoL. There should be a central process to ensure that these learnerships are part of an articulated learning pathway located within a clear curriculum framework (and aligned with apprenticeships where relevant). This is consistent with the NQF policy recommendations for curricula to be integrated with qualification development.

Responsibility	Collect and disburse the skills development levies in its sector; approving workplace skills plans; and allocating grants in the prescribed manner to employers, education and training providers and workers.
Minimalist scope related to responsibility	Administer the processing of Workplace Skills Plans (WSPs) and allocate mandatory grants. Allocate discretionary grants (DG) in terms of national criteria.
Activist (high) scope related to responsibility	Review WSPs against the priorities identified in the SSPs, and allocate monies in terms of these priorities. Utilise the monies in the DG to steer additional training in priority areas that support access and progression to employer workers. Further, with the DG and the NSF allocations, support increased access of unemployed into the labour market as well as further learning opportunities.
Review of current capacity	SETAs have shown increased capacity to administer the grants successfully, and there has been a significant improvement in the number of enterprises that receive their grant back. However, the SETAs in the main have not shown the capacity to review and approve WSPs against sectoral priorities, and there is a reported tendency for workplaces to plan for training that they can easily provide so as to avoid penalties when reporting. Thus there is a limited picture of needs or training provided by the WSPs or Annual Training Reports (ATRs). Further weaknesses in the SSP process make it unlikely that the SETAs will be able to check or steer the skills system against priorities, even if they had the capacity to undertake these reviews. In addition, SETAs do not appear to have developed the capacity to efficiently facilitate the allocation of DG and NSF monies. This seems particularly the case as the models for disbursement that have been selected appear to have exceptionally high transactional costs, such as the selection of learners in some cases, the need to administer each individual learner agreement, as well as the large number of service providers. Again, the absence of a credible SSP makes steering of training complex.
Feasible option based on current capacity	SETAs should continue to be required to pay the mandatory grant on the basis of the submission of a consolidated WSP/ATR report. To support this it is proposed that a consolidated template is developed which encourages workplaces to provide a comprehensive picture about existing skills in the workforce, new entrants and the nature and costs of training taking place in the workplace. This would be consistent with the EE reports and could support future planning. It would also assist in determining whether the objective in the NSDS pertaining to increased training and investment is being realised. In the longer term, the capacity of the SETAs to use the mandatory grant to steer the system could be reviewed. With regards to the DG grant and the NSF grant allocations, ways to reduce the transactional costs should be sought, and the need to ensure that these programmes are consistent with the SSP priorities is critical – including the possibility of programmes that run for an extended period.

Responsibility	Fulfil the functions of an ETQA
Minimalist scope related to responsibility	Accredit providers against basic administrative requirements and ensure that learner enrolments and results are captured.
Activist (high) scope related to responsibility	Ensure that there are front-end and back-end quality assurance processes which facilitate effective standard generating, and support providers with curriculum development (including assessment instruments), quality institutional and workplace learning, as well as credibly moderated assessment.
Review of current capacity	SETA ETQAs face challenges in terms of maintaining consistent quality in performing their functions in the face of an ever-increasing pool of providers and workplaces spread across the country. It is noted that resource constraints are made even more severe in the context of providing significant levels of support to small and emerging providers. Further, the SETAs have difficulties in monitoring providers in terms of throughput and pass rates of learners. Further, the reliance on front-end quality assurance (programme evaluation per provider) as well as the fact that in the main providers have their own internal assessment instruments (rather than an external assessment) and processes create a great strain on the SETAs.
Feasible option based on current capacity	SETAs should focus on workplaces as this is clearly within their ambit – that is can the workplace support the learning in terms of equipment and supervision The role that SETAs should play in the quality assurance of the provider institutional components and the monitoring of providers should be considered within the context of the changes being proposed within the NQF policy review process.

Responsibility	Monitoring education and training in the sector
Minimalist Scope related to responsibility	To provide learner data for learners that have participated in SETA-supported programmes in terms of agreed upon fields and a detailed financial analysis in terms of activities that have taken place against agreed upon objectives
Activist (high) scope related to responsibility	A comprehensive reporting arrangement that ensures increased accountability in terms of clear effectiveness and efficiency indicators that demonstrate how the achievement of the primary and secondary objectives are being supported.
Review of current capacity	Across the system there appears to be very limited capacity to capture and verify data (although there are some exceptions to this). The data sets are incomplete and do not allow for an analysis of achievements against the objectives. Further, while the SETAs in the main have performed well in terms of their audited statements there is still a lack of capacity to report expenditure against programmes and activities.
Feasible option based on current capacity	SETAs should be required to capture and report on data in terms of number of learners broken down into race, gender and disability. This information should be recorded against programme name, type, level and costs as well as funding sources. SETAs should also report on other programme activities against objectives. To facilitate this, there is a need for clear definitions and a template that is used across SETAs. These reports should be made available on a SETA by SETA basis to ensure that there is public accountability.

Fukuyama's model is usefully applied to an assessment of the functions of the SETAs in terms of where on the continuum the responsibility is currently located, and where it could feasibly be located given current capacity, if the function is to be performed optimally. This assessment has been undertaken for each of the major responsibilities allocated to the SETAs and is aimed at identifying the most feasible scope for a particular responsibility based on the limits to their capacity (even with interventions to improve capacity). Note that the summary below therefore does not include those functions that the SETAs are presently performing but which do not fall within their scope as identified in the SDA.

PLANNING

The indicators within the NSDS would benefit greatly from a revision so that they are more meaningful for the purpose of planning and consistent with the Skills Development Act (SDA).

As argued earlier, it is imperative to distinguish between primary objectives and secondary objectives, and to associate with each of them clear quality indicators that support the achievement of these objectives. This suggests that the key recommendation in the short-term is that there is a need to fine-tune the existing NSDS whilst not losing sight of the extensive stakeholder process that was run to develop the NSDS. This would focus on developing indicators which the SETAs could be reasonably evaluated against, and

establishing the indicators (some the same and some different) which other institutions will be evaluated against in terms of the achievement of the NSDS.

While this process takes place, it is essential that the negotiation of NSDS sector targets with SETAs, which form part of the SLA process, accounts adequately for the sector requirements as outlined in the SSPs pertaining to each SETA. This implies a significant departure from the current practice, which amounts to a rather mechanical distribution of the aggregate national figure among SETAs. This rough and ready procedure does not always take into account the sectoral priorities and the resources that will be required to support provision against these priorities.

Sector skills plans

The limitations of sector skills plans (SSPs) have been extensively documented in other studies and emerged with emphasis from the interviews. Given the serious capacity shortcomings of the SETAs with regard to data capture and management and economic modelling, it would be prudent to adopt a minimalist approach to sector skills planning. Such a minimalist approach might consist of the following elements:

- The institutionalisation of a clear and standard definition of 'scarce skills' across all SETAs.
- Formalising support by the Department of Labour's planning division to all SETAs in the application of broad forecasting methodologies. This should be aimed at exploiting economies of scale and account for the overlaps across SETA sectors. This will also assist to provide a framework that will contribute to planning for scarce skill categories that cut across different sectors; which is a challenge in the current planning frameworks.
- SETAs should then be required to focus their efforts on the important task of SETA-wide consultations that focus on skill shortages in their respective sectors. SETAs should also use data collected in their sector. Based on this improved data and consultative processes, the SETAs should be required to develop broad forecasts of skills requirements and then craft 5-year strategies for supporting skills development in support of sector growth. Within these strategies, 3-year plans, projects and budgets should be developed. It is not anticipated that sectors will be able to provide numbers against occupations that are anything more than indicative, or even illustrative of potential scale of need. Thus the focus will be on what can be achieved

(targets) to address these scarce skills in a manner that takes into account the secondary objectives that are to be realised.

CONCLUSION

The SETA Review, in its in-depth assessment of what is actually happening within SETAs, found that there has been significant progress with SETAs and with the Skills Development System. But progress in the troubled area of skills provision in South Africa does not mean perfection – or often even satisfactory performance. SETAs remain new and fragile institutions. They all struggle with many aspects of implementation, effectiveness and efficiency. Their development has reached a critical stage, with one SETA having been placed under administration in 2007 and a potentially destabilising proposal from the Department of Trade and Industry (DTI) to clump all the SETAs into five 'cluster' bodies. The training market in South Africa is undeveloped, largely uncontrolled and still immune from proper quality assurance. The monitoring and evaluation processes for the skills development system are not in a state where they can be used as the main guide for improvements, particularly because of the lack of effective management information systems.

In the face of this reality, some might question the conclusion of the SETA Review that SETAs are on a positive trajectory. But this is a strong conclusion. It does not signal that success is certain [read THAT out loud!], but that the R20-billion assembled within the skills development system in the last decade has been invested in a platform and in experience from which growth can take place. Future success will be contingent on a recognition that institution building is a complex and demanding process that requires purposeful and sustained investment. Changes in the SETA landscape require careful consideration with an emphasis on instituting changes that build on the current system and that continue to propel the system forward. These changes need to be implemented in a manner that recognises systemic issues as well as the possibilities for improving institutions in the short to medium term.

This article is drawn from the final report of the 'SETA Review' prepared by the Employment Promotion Programme, a project managed by Development Policy Research Unit (DPRU) and funded by the Department for International Development (DFID), dated May 2007. The author was project leader for the Review.

viewpoint

QUALIFICATIONS SYSTEMS AND EDUCATIONAL TRANSFORMATION

A SAQA perspective

Over the past 13 years, South Africans have become all too aware of the challenges of transforming a large-scale education and training system. The persistence of inequalities, learners' lack of access and success, weak management and poor teaching all signal a collective failure to produce significant and successful change. This is all the more depressing in light of the dazzling array of our transformative policy interventions.

The 1995 promulgation of the South African Qualifications Act, which formally established the National Qualifications Framework (NQF) signalled one of the major education policy initiatives of the newly elected government. In March 1997, the South African Qualifications Authority (SAQA) Executive Officer assumed duties, and the implementation of the NQF started in earnest. At the time, the NQF was seen as a key instrument for transformation. However, in 2001 the Minister of Education, Kader Asmal, set up a process to review the NQF. Six years later, in September 2007, the Ministers of Education and Labour have issued a Joint Policy Statement, which concludes the NQF Review process. This early and lengthy review process indicates ongoing and intense political contestation surrounding the NQF and SAQA, and their role in the transformation of South African education.

BEGINNINGS AND EARLY YEARS OF THE NQF

The vision and objectives of the NQF were forged over 10 years, starting in the late 1980s, and shaped by a confluence of external and internal dynamics. In the developed countries of the west, changing modes of economic production were making the availability of a skilled flexible labour force essential. The idea that this required an integration of education and training led to the emergence of the first NQFs. (Twenty years later, more than seventy countries and three regions have developed qualifications frameworks.) Internally, economic and political imperatives prioritised the need to move away from the racial segregation of apartheid education towards an integrated education and training system

promoting equity and development.

The key features of South Africa's NQF were established through two sets of regulations promulgated in 1998 and 1999 (known as the National Standards Bodies (NSB) and Education and Training Quality Assurance body (ETQA) regulations). The objectives of the NQF are stated in the SAQA Act were to:

- create an integrated national framework for learning achievements;
- facilitate access to and mobility and progression within education, training and career paths;
- enhance the quality of education and training;
- accelerate the redress of past unfair discrimination in education, training and employment opportunities; and
- contribute to the full personal development of each learner and the social and economic development of the nation at large.

All South African qualifications are included on the NQF, both those dating from the period before the existence of the NQF (historical qualifications), and those developed through SAQA's standards setting structures (new qualifications). Education and training providers submitted their historical qualifications for registration on the NQF between 1998 and 2003. They had to align with NQF requirements, which included an outcomes-based format intended to provide a basis for comparability of learning achievements that would create a platform for mobility, portability, progression and recognition of prior learning and experience (RPL).

South Africa's NQF was conceived as a comprehensive and unified ladder of learning, with multiple pathways enabling learners to move from one field of education to another and to progress up the ladder. Those excluded from educational opportunities in the past would be given access to a rung of the ladder through recognition of their RPL.

As well as its focus on setting standards through pegging qualifications onto rungs of the ladder, SAQA coordinates and evaluates the quality assurance undertaken by Education and Training Quality Assurance bodies, the programmes that lead to qualifications and the providers of those programmes. For the last ten years, the NQF has promoted an integrated approach between three distinct 'qualification fields': higher education, schooling and colleges, and work based learning or occupational qualifications.

As part of an overall strategy to foster a culture of lifelong learning, SAQA focuses on ensuring the development of an NQF underpinned by systemic coordination, coherence and

resource alignment in support of South Africa's Human Resource Development Strategy and the National Skills Development Strategy. The persistence of high levels of both unemployment and skills shortages in key areas of the labour market led to the establishment, of the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) and the Joint Initiative on Priority Skills Acquisition in 2006. The objectives of increasing economic growth and reducing unemployment require an education and training system that provides access to relevant learning opportunities for all citizens – a requirement which resonates with the objectives of the NQF, and shows the importance of its role in transforming South Africa's education, training and skills development system.

Currently, SAQA focuses on three key strategic areas: standards setting, quality assurance and the electronic management of learner achievements through the National Learners' Records Database (NLRD).

From 1997 to 2007, SAQA made good progress in relation to standards setting:

- By May 2001, 180 Standards Generating Bodies (SGBs) had been formed. 137 new qualifications and 2207 new unit standards had been registered on the NQF. In addition, over 7000 historical provider-generated qualifications had been recorded on the NQF.
- By December 2004, over 250 SGBs had been formed. 631 new qualifications and 8797 new unit standards had been registered. In addition, 7695 historical provider-generated qualifications were recorded on the NQF.
- By July 2007, 74 SGBs were operating, and 787 new qualifications and 10 988 unit standards had been registered. In addition, there were 7 092 provider-generated qualifications recorded on the NQF (of which 492 were new qualifications, and 6 600 were historical qualifications).
- By July 2007, 7.5 million learners' achievements were registered on the NLRD. There were 23 990 providers accredited for 6 683 qualifications. There were 31 accredited ETQAs.

A comparison between 'historical' qualifications developed by providers and 'new' qualifications developed by SGBs after the NQF was established, shows a significant increase in

qualifications available at NQF levels 3, 4, and 5. The highest level of activity has been in Manufacturing, Engineering and Technology. Provider-generated qualifications are mainly registered at levels 5 and above. By contrast, unit standards have been registered primarily from levels 2 to 5.

The structures originally established by SAQA have developed in unexpected ways, influenced by both external drivers – in the legislative and political context – and internal drivers' lessons learnt 'on the road'. In the initial phases, members of SGBs were volunteers, with the logistical costs carried by European Union funding. SAQA prioritised those SGBs that could not get funding elsewhere, as well as strategically important SGBs. More recently, Joint Implementation Plans (JIPs) have been entered into that enable Sector Education and Training Authorities (SETAs), professional bodies, government departments and other bodies, such as the Independent Electoral Commission, to establish SGBs to generate qualifications and standards that meet their particular needs. SAQA manages the whole process, from task team meetings to the writing and editing of standards. It also manages the funding of the standards generating process.

By July 2007, over 35 Joint Implementation Plans (JIPs) had been established. These include a broad range of partners and cover a variety of standards and qualifications including Local Government and Water Services SETA, Mpumalanga Government, Services SETA, Financial and Accounting Services SETA, Health and Welfare SETA, Pan South African Language Board (PanSALB), National Department of Arts and Culture, Independent Electoral Commission, Mining Qualifications Authority, National Treasury, ESKOM, Department of Education (DoE) and Department of Labour (DoL).

THE TRANSFORMATION OF THE NQF

The new outcomes led qualifications framework has had a mixed impact on qualifications and quality assurance in higher education and schooling. In the case of higher education, institutions have become far more aware of quality assurance issues. Most of them have instituted quality assurance management systems and have done some standardising of their programmes and qualifications. The developmental approach adopted by the Higher Education Quality Committee has encouraged academics to scrutinise their own curriculum, pedagogic and assessment practices without overly impinging on their academic autonomy, although some express concern at the increased administrative loads now required as part of curriculum development and programme management.

The recent history of the schooling system is more complex. The specific interpretation of outcomes-based education that took hold in the mid-1990s informed the development of the NQF and of Curriculum 2005. The move away from Curriculum 2005 after 2000 through the curriculum review and the revised national curriculum statements has seen an increasing emphasis on curriculum and assessment within the schooling system – championed strongly by Umalusi. However, in both higher education and schooling, there are causes for serious concern about quality, especially the vast divergences in quality of provision. This suggests that our emerging quality management systems are proving ineffective.

Part of the explanation for this ineffectiveness lies in a lack of systemic coherence and collaboration between the role players, as well as poor differentiation of their roles and responsibilities. For example, the uptake of unit standards based qualifications is low. There are, however, countless potential explanations for this failure. Could it be that the SETA system, which should be the main channel for the flow of learners into unit standards based occupational qualifications, has not functioned efficiently? Or is it the conceptual design model used by SAQA? Or perhaps it just takes time for new kinds of qualifications to become established.

Clearly, implementation of the NQF has been affected by the climate of uncertainty created by the lengthy review process, and the differences between standards setting and quality assurance practices across the three education fields have impeded progress towards the NQF objectives. The release of the Joint Policy Statement (JPS) in September 2007 attempts to address these challenges, and is intended to mark the beginning of a new phase in the development of South Africa's NQF. However, the original intentions of the NQF remain firmly in place.

The JPS provides a set of stronger distinctions between the key role players. SAQA will be the apex NQF organisation, and will evaluate and register qualifications on the NQF, audit the Quality Councils, research, monitor and evaluate the efficiency of the NQF, advise the Ministers of Education and Labour, develop and maintain the NLRD, manage the Centre for the Evaluation of Foreign Qualifications and collaborate with international quality assurance agencies.

The JPS proposes the establishment of three Qualifications and Quality Assurance Councils (Quality Councils):

- the Council on Higher Education (CHE);
- Umalusi; and
- the Quality Council for Trades and Occupations (QCTO).

A ten level NQF will be introduced. The standards setting and quality assurance functions carried out by SAQA will shift to:

- CHE (Levels 5 to 8);
- Umalusi (Levels 1 to 4); and
- QCTO (occupational qualifications: Levels 1 to 10).

The major changes to standards setting and the design and delivery of programmes and qualifications are likely to occur in the field of occupational qualifications. The Department of Labour has published draft documents that indicate likely developments in the occupational learning system. Occupational qualifications will contain three components:

- Relevant general *knowledge and theory*.
- General and occupationally relevant *practical skills*.
- Requisite *work experience* in addition to specialised and contextual theory and knowledge.

The development of occupational qualifications and related unit standards will be informed by the simultaneous development of a curriculum. The curriculum will structure knowledge, skills and values into a meaningful process of developing occupational competence through selecting, sequencing, pacing and assessment. It includes classroom activities, practical activities and workplace experience. The purpose of the curriculum will be to simplify and strengthen the implementation process of the qualification, and a strong emphasis will be placed on the role of external national assessments in quality assurance.

THE NEXT PHASE

The NQF introduced new language, procedures and processes, which some found opaque and complex. Systems are being simplified in response to this confusion, and citizens are now more familiar with its workings. South Africa's NQF has already made some progress towards achieving its objectives, and the changes proposed by the Joint Policy Statement should further enhance its efficiency.

Some of the major challenges that face this next phase of NQF development will include:

- the need for strong leadership from government, with a coherent, systemic and appropriately resourced approach;
- strong coordination and close collaboration between government, SAQA, the quality councils, institutions and other providers of programmes and qualifications;
- rigorous research and development to promote mobility, portability and progression; and
- rigorous research into and development of assessment practices and different forms of knowledge and learning.

For South Africa to have a world class NQF, all role players and stakeholders will need to support education and training practices that deliver the NQF benefits of access, quality, redress and development to all our learners.

South Africa's experience shows the importance of consistent implementation, as well as how slow educational transformation is. Qualifications frameworks can play an important role in the transformation of education, training and skills development systems, provided they are seen as a platform for communication and coordination rather than an arena of contestation and confusion.



briefing

EMPLOYMENT EQUITY

Claudia Phiri

The vision of a transformed society has been a key part of the South African post-apartheid transition. Interventions such as affirmative action and broad-based black economic empowerment (BBBEE) are intended to tackle the structural difficulties that have impeded the advancement of all races. The new report released by the Commission of Employment Equity reveals that there has been considerable progress in black representation in both top- and senior-management levels; however, white representation still dominates. Overall, the representation of women has increased significantly. Nevertheless, white females account for most of the promotions to management positions in this regard.

The distribution of promotions and skills development show that black employees are more likely to be promoted to the most elementary occupations as well as being overrepresented generally at that level. While black employees are more likely to receive training, more males benefit than females in this aggregation.

COMMISSION OF EMPLOYMENT EQUITY REPORT

The Employment Equity Report for 2006 reveals that, of the companies audited, 22.2 per cent of black employees accounted for top management positions, compared to 21.1

per cent in the year of 2004. This shows a 1.1 per cent increase in black representation in top management positions. In 2006, black people accounted for 26.9 per cent of senior management, compared to 25.7 per cent in 2004. Africans comprised only 11.30 per cent of top management and 13.40 per cent of senior management in 2006. Similarly, female representation at top management increased from 15.1 per cent in 2004 to 21.6 per cent in 2006, and from 23.7 per cent in 2004 to 27.4 per cent in 2006 at senior management level.

At the professionally qualified level, the share of black employees and females decreased over 14.7 per cent and 2.1 per cent respectively over the two years. This is unevenly balanced by an increase in white male representation to 40.1 per cent, compared to 32.7 per cent in 2004. The shift in female representation was due to a huge drop in African female representation, showing a decrease of 10.8 per cent in contrast to the increases in coloured, Indian and white females to 1.1 per cent, 1.3 per cent and 5.9 per cent respectively. This data originated from 5 554 reports analysed in 2004 and 4 394 reports analysed in 2006, both accounting for 4 175 704 million employees. It is important to acknowledge that different companies submit Employment Equity reports every year, and this factor is a limitation to the reports' external validity.

The current government inherited a country with large inequalities in terms of employment patterns and income distribution. The Employment Equity Act (no. 55 of 1998) aims to address the above disparities in two ways: to eliminate unfair discrimination in the workplace; and to ensure that the effects of discrimination are redressed for the common promotion of the country's economy through affirmative action policies. Historically the labour market has been characterised by demographic inequalities on all levels of employment, but particularly so in the skilled, higher-

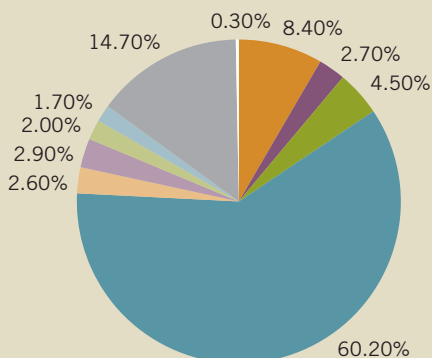
Table 2.3.1: Employment equity by occupational level

Occupational level	Black employees' percentage share 2004 to 2006	Women's percentage share 2004 to 2006
<i>Top management</i>	21.1% to 22.2%	15.1% to 21.6%
<i>Senior management</i>	25.7% to 26.9%	23.7% to 27.4%
<i>Professionally qualified and experienced specialists and mid-management</i>	51.2% to 36.5%	38.4% to 36.3%

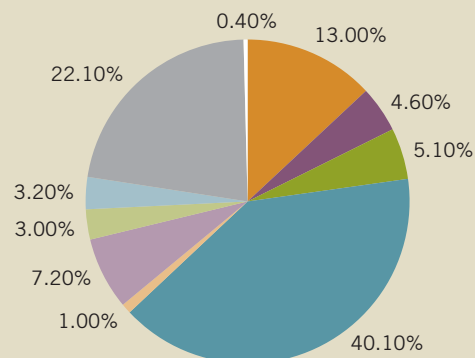
Source: DoL 2007

Figure 2.3.1: Top management and professionals in employment equity dataset, 2006/07

Percentage distribution of top managers by population group and gender



Percentage distribution of professionals by population group and gender



Source: DoL 2007

earning end of the market.

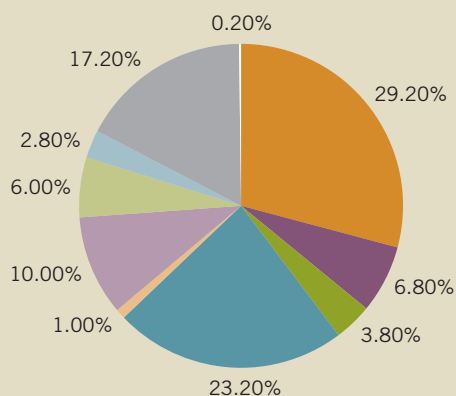
Affirmative action measures are those designed to ensure that suitably qualified candidates from historically disadvantaged groups are allowed equal employment opportunities and are equitably represented in all occupational categories and levels of the workforce. In terms of the act, all employers with 50 or more employees are required to implement affirmative action measures. A survey of twenty of South Africa's largest firms across a range of sectors suggests that graduates do not possess the necessary skills for entry

level positions and that this lack of skills is most severe at middle- and senior-management levels. The survey points out that the availability of black graduates with good grades is a rare commodity. Other important factors identified in the survey regarding black graduates were: the lack of soft skills; high mobility between jobs; and the quality of education of historically disadvantaged institutions.

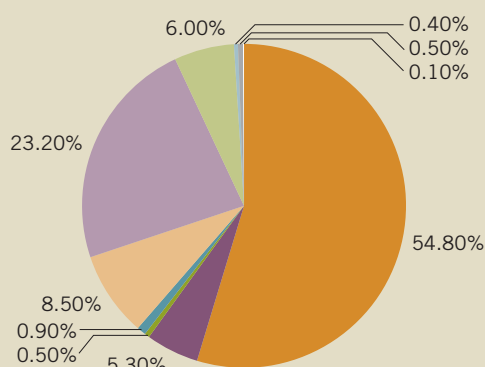
The post-apartheid education system led a government-focused policy of equity, democracy and redress. Between 2000 and 2005, the government focused on the efficiency of

Figure 2.3.2: Technicians and elementary occupation in employment equity dataset, 2006/07

Percentage distribution of skilled technicians and associated professionals by population group and gender

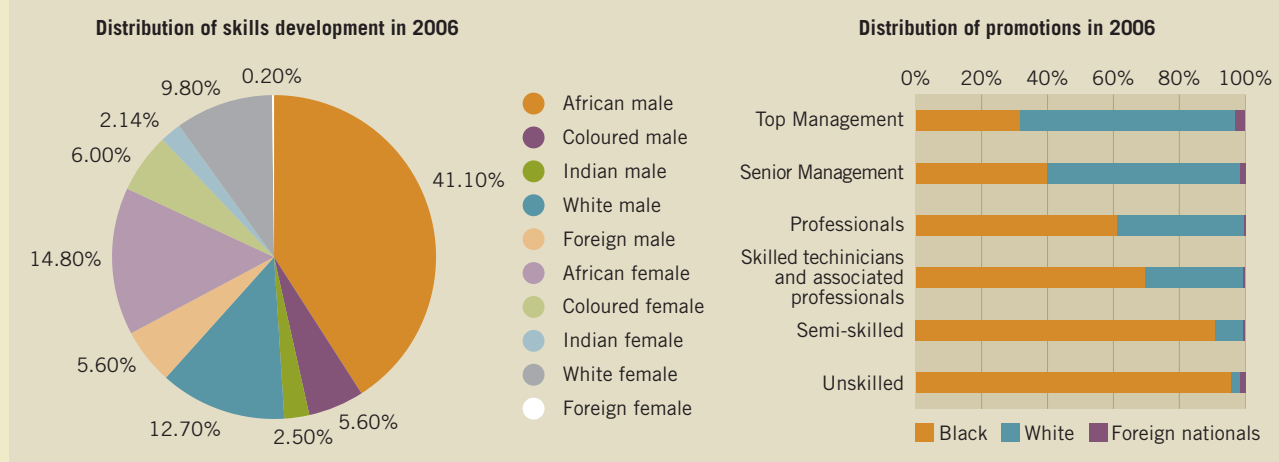


Percentage distribution of elementary occupations by population group and gender



Source: DoL 2007

Figure 2.3.3: Distribution of skills development and promotions, 2006/07



Source: DoL 2007

education (which was defined in terms of throughput), but not on the quality of education. The lack of support structures in the post-apartheid education system was further exacerbated by decreased enrolments and consequent decreased financing of the historically disadvantaged institutions. As a result of this, these institutions fared the worst, and presently lack credibility. The post-apartheid higher-education system became a deracialised but still elitist system, producing only a small number of black graduates for the labour market, rendering the application of affirmative action and employment equity policies only modestly effective for the majority of the disadvantaged population.

According to the report, there were 6 115 Africans at top- and senior-management level, which only amounted to a 13 per cent share of all management positions. The black population group accounted for 26.2 per cent and whites for 73.7 per cent of all top- and senior-management positions (chief executive officer, president, vice-president, chief operating officers, general managers, divisional heads, school principal and postmasters). Black employees comprised 37 per cent of all professionals, with whites filling the remaining 63 per cent of these positions. Professionals included, but were not limited to engineers, architects, lawyers, biologists, psychologists and traffic planners.

A more even distribution of employment is found at the skilled technician and associated professionals' levels. The percentage distribution between white females and black females is approximately even, with each group holding almost 50 per cent of the positions. The same pattern is observed in the overall racial division in this occupational

level. The pattern changes for most elementary occupations, such as garage attendants, car washers, news and other vendors. Black people share 90.3 per cent of all semi-skilled occupations and 90 per cent of all the unskilled occupations. White people share 4.20 per cent and 1.40 per cent of semi-skilled and unskilled occupations respectively. The female division of labour at the unskilled level shows a similar pattern, with black females holding 98.2 per cent and white females 1.40 per cent.

The report also provides data on promotions and training provided at each occupational level. In 2006, 83.6 per cent of all promotions were black; this was very similar to the 80 per cent share in 2005. At the senior- and top-management level, 38.8 per cent of all promotions were black, despite the fact that only 26.2 per cent of black employees occupy those positions. In 2006, 76.2 per cent of black workers received training in all occupational levels as a whole, similar to 75.4 per cent in 2005. At the top- and senior-management levels, 39 per cent of black managers were receiving training.

EMPLOYMENT EQUITY IN THE PUBLIC SECTOR

According to the Public Service Commission Report 2007 and the South African Public Service Workforce statistics, 71.3 per cent of managers in the public service were African compared to the 73.7 per cent in 2004. Overall black representation for 2006 was 90.7 per cent compared to 86.3 per cent in 2004. African females' representation increased to 40.1 per cent from 30.1 per cent in 2004. Black females had about half of management positions in the public service

(51.2 per cent). Overall, female representation increased from 52.7 per cent in 2006 compared to 53.1 per cent in 2004 and 53.8 per cent in 2005.

Table 2.3.2: Managers in the public service, 2006/07

		2004	2005	2006
<i>African</i>	Male	34.6%	34.4%	31.2%
	Female	39.1%	40.0%	40.1%
<i>Coloured</i>	Male	4.0%	4.1%	3.9%
	Female	4.9%	4.9%	4.8%
<i>Indian</i>	Male	2.0%	2.0%	4.4%
	Female	1.7%	1.7%	6.3%
<i>White</i>	Male	6.3%	5.8%	1.3%
	Female	7.4%	7.2%	1.5%

Source: DoPSA 2006

LABOUR FORCE SURVEY

According to the September 2006 Labour Force Survey (LFS), 23.2 per cent of managers are black African, while this group also constitute 23.3 per cent of those falling in the category of 'professional'. Of all the employed in 2006, 19.7 per cent in most senior positions (managers, professionals, semi-professionals and technicians) were African, as compared to 21.3 in 2005.

Table 2.3.3: Employment equity by occupational category for Africans, 2006/07

	Number	Percentage
<i>Managers</i>	314 000	23.2%
<i>Professionals</i>	316 000	23.3%
<i>Technical and associate professionals</i>	725 000	53.5%

Source: Stats SA 2006a, 2006b



INSTITUTIONAL HEALTH INDICATORS: THE PROVINCES

COMPLIANCE WITH FINANCIAL DISCLOSURE AND NUMBER OF VACANT POSTS IN PROVINCIAL GOVERNMENT

PROVINCES	Departments	Audits ¹	No. of senior management service members
The Eastern Cape	1. Office of the Premier	Emphasis of matter	33
	2. Agriculture & Land Affairs	Emphasis of matter	20
	3. Economic Development & Environmental Affairs	Qualification Emphasis of matter	19
	4. Education	Disclaimer Emphasis of matter	63
	5. Provincial Treasury	Qualification Emphasis of matter	24
	6. Health	Disclaimer Emphasis of matter	139
	7. Housing, Local government & Traditional Affairs	Disclaimer Emphasis of matter	20
	8. Public Works & Roads	Qualification Emphasis of matter	17
	9. Safety & Liaison	Emphasis of matter	6
	10. Sports, Recreation, Arts, Culture & Recreation	Qualification Emphasis of matter	23
	11. Transport	Qualification Emphasis of matter	23
	12. Social Development	Emphasis of matter	27
The Free State	1. Office of the Premier	Emphasis of matter	22
	2. Agriculture	Emphasis of matter	18
	3. Education	Qualification Emphasis of matter	29
	4. Tourism, Environment & Economic Affairs	Qualification Emphasis of matter	11
	5. Provincial Treasury	Emphasis of matter	16
	6. Health	Emphasis of matter	108
	7. Local Government & Housing	Emphasis of matter	21
	8. Public Works, Roads & Transport	Qualification Emphasis of matter	16
	9. Social Development	Qualification Emphasis of matter	18
	10. Public Safety & Liaison	Qualification Emphasis of matter	6
	11. Sports, Arts, Culture, Science & Technology	Emphasis of matter	10
Gauteng	1. Office of the Premier	Emphasis of matter	19
	2. Agriculture, Conservation & Environment	Qualification Emphasis of matter	25
	3. Development Planning & Local Government	Emphasis of matter	17
	4. Shared Services Centre	Qualification Emphasis of matter	72
	5. Finance & Economic Affairs	Emphasis of matter	41
	6. Education	Emphasis of matter	40
	7. Health	Qualification Emphasis of matter	283
	8. Housing	Qualification Emphasis of matter	35
	9. Public Transport, Roads & Works	Qualification Emphasis of matter	47
	10. Community Safety	Qualification Emphasis of matter	14
	11. Social Services & Population Development	Qualification Emphasis of matter	27
	12. Sport Recreation, Arts & Culture	Emphasis of matter	12
KwaZulu-Natal	1. Office of the Premier	Qualification Emphasis of matter	46
	2. Agriculture & Environmental Affairs	Disclaimer Emphasis of matter	29
	3. Economic Development	Emphasis of matter	16
	4. Education	Qualification Emphasis of matter	66
	5. Arts & Culture	Qualification Emphasis of matter	15
	6. Provincial Treasury	Emphasis of matter	22
	7. Health	Emphasis of matter	160
	8. Housing	Qualification Emphasis of matter	13
	9. Royal Household	Qualification Emphasis of matter	2
	10. Traditional & Local Government Affairs	Qualification Emphasis of matter	36
	11. Transport	Qualification Emphasis of matter	33
	12. Welfare & Population Development	Disclaimer Emphasis of matter	33
	13. Works	Qualification Emphasis of matter	19
	14. Safety & Security	Emphasis of matter	4
	15. Sports & Recreation	Qualification Emphasis of matter	6

Financial disclosures received ²	Financial disclosures outstanding	Departmental vacancy rate %	Vacant posts in provincial departments	Average provincial administration vacancy rate ³
24 18 19 62 22 40 7 17 4 23 23 25	9 2 0 1 2 99 13 0 2 0 0 2	73% 90% 100% 98% 92% 29% 35% 100% 67% 100% 100% 93%	40 501	26.94%
19 12 0 0 13 54 0 15 18 0 4	3 6 29 11 3 54 21 1 0 6 6	86% 67% 0 0 81% 50% 0 94% 100% 0 40%	26 418	29.73%
18 24 9 70 41 22 283 32 43 14 25 11	1 1 8 1 1 18 0 3 4 0 2 1	95% 96% 53% 97% 100% 55% 100% 91% 92% 100% 93% 92%	34 995	21.56%
31 0 16 59 0 19 92 0 0 32 33 23 11 4 6	15 29 0 7 15 3 68 13 2 4 0 10 8 0 0	67% 0 100% 89% 0 86% 58% 0 0 89% 100% 70% 58% 100% 100	59 573	22.98%

PROVINCES	Departments	Audits ¹	No. of senior management service members
Limpopo	1. Office of the Premier	Emphasis of matter	46
	2. Agriculture & Land Administration	Emphasis of matter	33
	3. Education	Emphasis of matter	35
	4. Finance, Economic Affairs & Tourism	Emphasis of matter	60
	5. Health & Social Services	Emphasis of matter	89
	6. Local Government & Housing	Emphasis of matter	22
	7. Public Works	Emphasis of matter	29
	8. Safety & Security	Emphasis of matter	5
	9. Roads & Transport	Qualification Emphasis of matter	27
	10. Culture, Sports & Arts	Qualification Emphasis of matter	11
Mpumalanga	1. Office of the Premier	Emphasis of matter	31
	2. Agriculture, Conservation & Environment	Emphasis of matter	14
	3. Education	Disclaimer Emphasis of matter	23
	4. Finance	Emphasis of matter	10
	5. Economic Development & Planning	Qualification Emphasis of matter	15
	6. Health & Social Services	Emphasis of matter	33
	7. Local Government & Housing	Emphasis of matter	13
	8. Public Works	Emphasis of matter	17
	9. Roads & Transport	Emphasis of matter	23
	10. Safety & Security	Emphasis of matter	3
	11. Culture, Sport & Recreation	Emphasis of matter	7
	12. Social Services & Population Development	Emphasis of matter	0
	13. Housing & Land Administration	Emphasis of matter	0
The Western Cape	1. Premier's Office	Emphasis of matter	34
	2. Community Safety	Emphasis of matter	12
	3. Agriculture & Land Reform	Emphasis of matter	10
	4. Education	Qualification Emphasis of matter	41
	5. Environmental Affairs & Development Planning	Emphasis of matter	12
	6. Economic Development & Tourism	Emphasis of matter	8
	7. Cultural Affairs & Sport	Emphasis of matter	9
	8. Provincial Treasury	Emphasis of matter	14
	9. Health	Emphasis of matter	96
	10. Housing	Emphasis of matter	22
	11. Social Services & Poverty Alleviation	Emphasis of matter	13
	12. Transport & Public Works	Emphasis of matter	28
	13. Local Government	Emphasis of matter	0
The Northern Cape	1. Office of the Premier	Emphasis of matter	7
	2. Agriculture & Land Reform	Emphasis of matter	6
	3. Economic Affairs	Emphasis of matter	9
	4. Education	Emphasis of matter	15
	5. Finance	Disclaimer Emphasis of matter	5
	6. Health	Disclaimer Emphasis of matter	25
	7. Housing & Local Government	Emphasis of matter	12
	8. Provincial Safety & Liaison	Emphasis of matter	5
	9. Social Services & Population Development	Emphasis of matter	5
	10. Sports, Arts & Culture	Emphasis of matter	4
	11. Transport, Roads & Public Works	Qualification Emphasis of matter	11
	12. Tourism, Environment & Conservation	Emphasis of matter	5

Financial disclosures received ²	Financial disclosures outstanding	Departmental vacancy rate %	Vacant posts in provincial departments	Average provincial administration vacancy rate ³
42 20 35 24 78 12 29 0 0 9	4 13 0 36 11 10 0 5 27 2	91% 61% 100% 40% 88% 55% 100% 0 0 82%	32 756	21.60%
29 14 22 0 15 29 5 17 9 0 7 0 0	2 0 1 10 0 4 8 0 14 3 0 0 0	94% 100% 96% 0 100% 88% 39% 100% 39% 0 100% 0 0	25 344	27.21%
30 11 9 41 12 0 9 14 96 22 0 26 0	4 1 1 0 0 8 0 0 0 0 0 2 0	88% 92% 90% 100% 100% 0 100% 100% 99% 100% 0 93% 0	14 847	18.04%
13 6 9 12 0 1 11 5 5 0 10 1	4 0 0 3 5 24 1 0 0 4 1 4	77% 100% 100% 80% 0 4% 92% 100% 100% 0 91% 20%	8 338	31.86%

PROVINCES	Departments	Audits ¹	No. of senior management service members
North West	1. Office of the Premier	Emphasis of matter	34
	2. Agriculture, Conservation, Environment & Tourism	Qualification Emphasis of matter	22
	3. Education	Disclaimer Emphasis of matter	39
	4. Finance & Economic Development	Emphasis of matter	37
	5. Health	Qualification Emphasis of matter	53
	6. Developmental Local Government & Housing	Qualification Emphasis of matter	20
	7. Transport & Roads	Emphasis of matter	16
	8. Public Works	Emphasis of matter	17
	9. Safety & Liaison	Emphasis of matter	7
	10. Social Development	Qualification Emphasis of matter	21
	11. Sports, Arts & Culture	Clean Report	3
	12. Finance	Emphasis of matter	0



Financial disclosures received ²	Financial disclosures outstanding	Departmental vacancy rate %	Vacant posts in provincial departments	Average provincial administration vacancy rate ³
34	0	100%	22 762	26.92%
20	2	91%		
35	4	90%		
33	4	89%		
51	2	96%		
19	1	95%		
15	1	94%		
17	0	100%		
7	0	100%		
20	1	95%		
3	0	100%		
0	0	0		

1. The 2004/05 report is the most recent on provincial departments; a new report will be published in early 2008. Terms used **Emphasis of matter**: To bring matters to the attention of users; merits attention. **Qualification Emphasis of matter**: Significant matters highlighted, but overall financial statements still present a fair view. **Adverse Emphasis of matter**: Significant matters highlighted, financial statements do not present a fair view. **Disclaimer Emphasis of the matter**: Fundamental lack of documentation to the extent that audit opinion cannot be expressed.
2. Submission of Forms is compulsory in accordance with Public Finance Management Act. The data received from the Department of Public Service and Administration (DPSA) covered the period of a calendar year and thus is not directly comparable with data in annual reports which cover the period of a financial year. This data refers only to vacant posts as at December 2006..
3. The second column displays average vacancy rate per province for 2006. It is important to note that due to problems associated with differing data being provided by departments and the PERSAL system, it is difficult to attain for certain the exact amount of posts and vacancies in the Public Service.





Chapter three

Education

“The inadequacies plaguing most black schools hold back transformative output by the tertiary system. Thus deracialisation of higher education ... has not necessarily translated into achievement of greater equity in access to higher education in the new democratic South Africa.”

Scorecard	Education and skills development	41
Research	The foundation of educational development <i>Nick Taylor, Brahm Fleisch & Jennifer Shindler</i>	42
Research	School-financing reform: Adequacy and quality <i>Russell Wildeman</i>	50
Research	Higher education and social justice <i>Andre du Toit</i>	56

review

EDUCATION

Skills shortages in critical sectors may have the capacity to delay or derail the South African economy's current robust growth. In 2007, as government's public infrastructure investment programme started to take shape, the country has looked towards the education sector as the factor that may ultimately stand between success and failure of this ambitious programme. Indeed, educational failure and skills shortages are cited as impediments to economic growth as a whole, as well as large-scale implementation of Employment Equity at top management level.

In his review of educational impediments and attempted solutions, Nick Taylor notes that programmes such as JIPSA and Dinaledi do have the potential to offer prospects of short-term relief. Even if they do not manage to attain their grand objectives, Taylor feels that these measures are likely to make a substantial difference. He is, however, more reserved in his evaluation of their longer-term structural impact on the education landscape, because they are premised on the conviction that incentives and the promotion of efficiency improvements in the country's best universities and high schools will improve the supply of high- to intermediate-level technical skills.

However, he foresees that this limited focus will not contribute to the broadening of literacy and mathematical skills across the total population of primary school graduates. Secondly, it will lead to higher levels of inequality within the system. And thirdly, because of the bias of this intervention towards technical skills, the objective of a more educated and efficient civil service might fall by the wayside. He emphasises that primary school level reform is urgently required, to ensure that learners exit able to read and do arithmetic – without this, long term, large scale development of high level expertise will not be possible.

Are resources sufficient for this? Russell Wildeman in his contribution focuses on adequacy and quality debates relating to reforms within the school-financing framework. He notes that it is critical to establish whether government's shift in emphasis from redressing resource imbalances towards progressive funding for better educational outcomes has been mirrored by a shift in government education and resourcing policies. Tracking developments in recent years, he comes to the conclusion that the shift from provincial to national funding frameworks has been achieved successfully. Yet, this success may ultimately prove to be a double-edged sword. Although government's intervention in the provincial budgets works on the assumption that requested funding norms bear relationship to a defined input or output standard, such standards are not evident within the latest financing reforms. This leaves education vulnerable to a relative fall in budgetary share, as other sectors may employ the 'adequacy argument' to contest budget increases in the education sector.

The critical need for high level skills is intensifying focus on the higher education system. Despite official commitment to the transformation of this educational system, André du Toit argues that practical change is bedevilled by underlying continuities and systemic limitations related to the legacy of apartheid. The inadequacies plaguing most black schools hold back transformative output by the tertiary system.

Thus deracialisation of higher education, he notes, has not necessarily translated into achievement of greater equity in access to higher education in the new democratic South Africa. This he attributes to a secondary education system that has failed to produce a sufficiently broad pool of qualified potential university entrants. Africans who do make it through higher education institutions have typically graduated from a small, privileged and de-racialised portion of the school system, with the effect that the truly disadvantaged African majority remain marginalised.

Affirmative action and employment equity policy implementation in such an elite higher education system has therefore in recent years used 'demographic representation' rather than 'redress' as its main criteria. Du Toit contends that restorative measures, couched in apartheid-derived race-based categories, can in this context become increasingly problematic from a social justice perspective.

Education and skills development scorecard

Transformation goal						
A human resources development system that produces an employable labour force and provides the necessary scarce skills to sustain economic growth						
Desired outcome	Indicator	Status 1990–1994 ¹	Status 2005 ²	Status 2006 ³	Status 2007	Positive development
Providing scarce skills to grow the economy	Maths HG passes as percentage of cohort ⁴	2.7% 22 300	2.5% 23 413	2.7% 26 383	2.6% 25 217	↓
	Grade 12 passes as percentage of cohort ⁴	33.2% 271 098 ⁴	34.6% 330 717	35.9% 347 184	36.0% 351 503	↑
	University endorsements	78 713	85 117	86 531	85 930	↓
	University graduates ⁵	43 567 (1993)	65 435 (2003)	71 243 (2004)	73 801 (2005)	↑
Employable labour force	Average years of schooling successfully completed in the 20 to 24-year-old cohort	9.66 (1995)	10.02	10.16	9.98	↓

Sources: National Department of Education datasets; Cohort estimates from UN Population Division's series <<http://esa.un.org/unpp/index.asp?panel=2>>; Stats SA, *October Household Survey* 1995; *Labour Force Survey* September 2004, September 2005

1. Average 1993 to 1995, unless otherwise indicated

2. Data for 2004, unless otherwise indicated

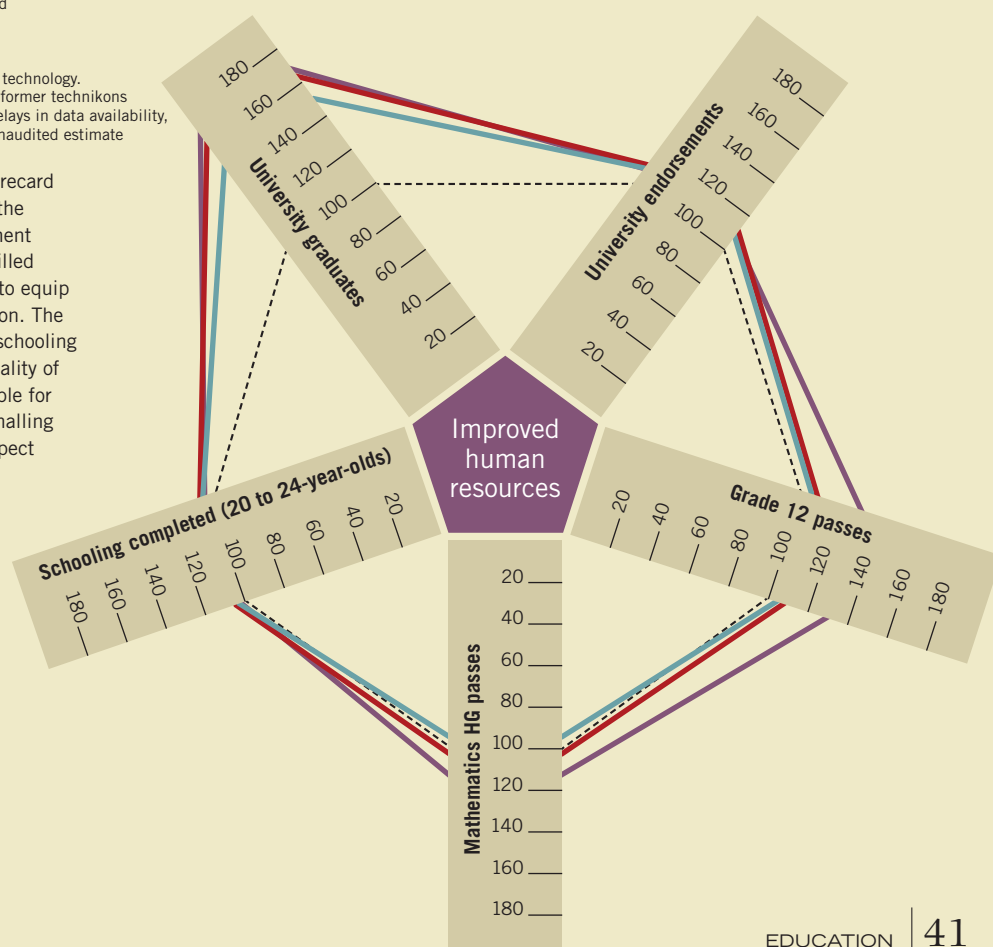
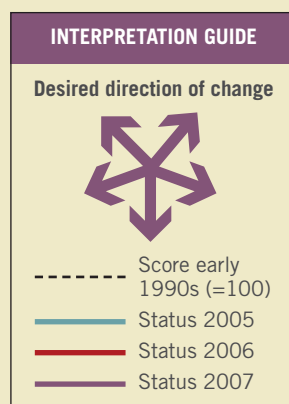
3. Data for 2005, unless otherwise indicated

4. Excluding independent schools

5. This includes degrees conferred by universities of technology.

For comparability purposes, degrees conferred by former technikons are therefore included in the older data. Due to delays in data availability, older data are used here. The 2005 figure is an unaudited estimate

The Education and Skills Development Scorecard and Star provide a snapshot impression of the ability of the education and skills development system to produce enough appropriately skilled workers for growth and transformation and to equip individual learners for economic participation. The scorecard shows a further improvement in schooling outcomes. However those indicating the quality of student exiting the school system and eligible for tertiary education show slight slippage, signalling that the education system is not in this respect performing better than in the early 1990s.



research

THE FOUNDATION OF EDUCATIONAL DEVELOPMENT

Nick Taylor, Brahm Fleisch & Jennifer Shindler

In the first decade of democracy considerations of equity and access dominated government policy in the education sector. By the end of this period it had become apparent that, while the structures of apartheid had largely been dismantled, its legacy in terms of vast disparities in quality within the system persisted. Furthermore, it has become clear that South Africa's performance is very low in any comparative terms, despite high levels of spending. A number of initiatives are emerging to address these problems and they are discussed below.

The interventions associated with the Joint Initiative on Priority Skills Acquisition (Jipsa) are essential. Assessing their prospects for sustainable long-term success points to the need for a long-term focus on primary school literacy and mathematics.

The Jipsa and Dinaledi initiatives are based on the assumption that significant numbers of high- to intermediate-level technical skills can be obtained by providing incentives and improving the efficiency of the country's best universities and those high schools that exhibit at least moderate levels of functionality. Under conditions of the current acute skills crisis, these interventions represent the fastest means to providing some relief and, even if they do not fully meet their ambitious targets, are likely to make a substantive difference.

However, there are long-term limiting factors on this policy. First, it will reach a ceiling if the literacy and mathematics skills of significant numbers of primary school graduates are not substantially improved. The current flow of the knowledge and skills required for technical study at further and higher levels is simply insufficient to sustain even a moderate expansion of these sub-sectors. The second limitation is that, being largely confined to a few relatively well functioning institutions, this approach will lead to greater differentiation of the education and training system, and hence will exacerbate South Africa's already dangerously high levels of inequality. Finally, Jipsa and related short term interventions are focused on the production of technical skills, and will do little to enhance the cause of a generally more highly educated civil service or general population.

These represent the best options immediately available, and are also likely to begin building the momentum required for a larger strategy. However, attacking the roots of the problem demands a pincer strategy for the long term. The solution to all three limitations is the same: improve the quality of basic education provided by the country's primary schools. This will require a massive systemic effort and the best chances for success would seem to lie in the direction of focusing on a national literacy and numeracy strategy, such as the programme successfully adopted in the UK in 1998. Given the very weak state of South Africa's educational civil service, such a programme is likely only to begin producing significant effects over a ten to twenty year cycle. This requires a long view and sustained funding, but offers the most important plank in any strategy aimed at addressing South Africa's social and economic inequalities and placing the country on a sustainable growth path.

In an attempt to provide a succinct and evidence-based sector-wide analysis of education in South Africa, we begin with an analysis of nine key education indicators. These provide us with insights into the challenges in the sector and provide a verified quantum against which to work. While these indicators provide useful diagnostic tools, they also provide the basis for setting targets.

DEFINING CHARACTERISTICS AND CONSTRAINTS

In 2004 there was a discernable shift towards concerns about how education and training must contribute to faster economic growth. AsgiSA and related Jipsa frameworks began to shift the focus of education and training towards the contribution of skills to accelerated economic growth. As Akoojee and McGrath (2005) show, the main focus of the new sector strategy was at the post-basic level, primarily concerned with reducing poverty and skills creation, than with improving basic education. Various high profile and well-funded initiatives were oriented towards developing skills and knowledge for learners leaving school, college and university and entering the workplace.

This post-2004 strategy focused on improving market relevance, whether by improved higher graduate numbers of mathematics and natural science in academic secondary schools, replacing the matriculation qualification with the new Further Education and Training (FET) Certificate, re-curricularisation and recapitalisation of the further education and training institutions, improving the performance of the Sector Education and Training Authorities (SETAs) with regard to learnerships and artisan training, and the Jipsa project to increase engineering output in higher education institutions.

In the 2004–2014 period, basic education has not been without attention with the implementation of the no-fee school policy, early childhood initiatives, minimum instructional materials packages to schools and ad hoc interventions like the Drop All and Read campaign. However at the basic education level, the objectives are focusing primarily on improved access, for example, no-fee schools, and to a lesser extent on improving quality.

This prioritisation of the post-basic education and training system is needed, as it is clearly aligned to the dual demands of supporting faster economic growth and reducing poverty. A consensus now exists that to transcend cycles of underdevelopment or in South Africa's case unequal development, it is critical to widen and raise the human capital base. Without improving the human capital base, South Africa cannot expect to sustain high rates of economic growth over the longer term. That is not to say that sustained long-term investment in human capital is a guarantee of sustained economic growth, but it is a necessary but not sufficient condition to moving towards a high standard of living for all (Pillay 2006). Of even greater concern is that if good basic education is not accessible to a much wider range of children no inroads can be made into South Africa's yawning inequality gap.

Fact 1: Widened access

Despite the impact of HIV and AIDS and poverty generally, the overwhelming majority of children are enrolled in primary schools, and relative to countries with similar levels

of development, a high proportion of young people go on to secondary education, although about half of those who enter school matriculate.

Also, unlike many comparable emerging countries, the gender balance of school learners is equal, a major achievement.

Table 3.1.1: Participation rate in schools by gender, 2001

Age	Male	Female
7–13 years	94%	94%
14–18 years	78%	77%
7–18 years	87%	87%

Source: Shindler and Fleisch 2007

Fact 2: High and equalised education expenditure

While considerable progress in education finance equity has been made, the fundamental question remains, are we spending enough on education, and is equity between provinces being achieved? Aspects of this are investigated by Russell Wildeman (see his article in this chapter).

While this is a complex question, and beyond the scope of this paper, a scan of patterns of expenditure in comparable countries provides useful comparative insights. Compared with Chile, Mauritius, Thailand and Turkey, South Africa is spending more on education as a proportion of gross domestic product (Table 3.1.3).

Table 3.1.2: Provincial education expenditure, 2003/04

Province	R million	Learners	Per capita (R)	Factor of total
<i>Eastern Cape</i>	10 308	2 116 426	4 870	0.97
<i>Free State</i>	4 087	696 155	5 871	1.17
<i>Gauteng</i>	9 539	1 661 817	5 740	1.15
<i>KwaZulu-Natal</i>	12 022	2 783 051	4 320	0.86
<i>Limpopo</i>	8 264	1 816 852	4 549	0.91
<i>Mpumalanga</i>	4 529	914 739	4 951	0.99
<i>Northern Cape</i>	1 305	202 010	6 460	1.29
<i>North West</i>	4 896	891 036	5 495	1.10
<i>Western Cape</i>	5 305	956 836	5 544	1.11
Total	60 255	12 038 922	5 005	1.00

Source: Wildeman 2005

Table 3.1.3: Comparative education expenditure as a percentage of gross domestic product, 2004

Country	Total public expenditure as a percentage of gross domestic product, 2004
Chile	4.1
Mauritius	4.7
South Africa	5.4
Thailand	4.2
Turkey	3.6

Source: UN 2007

Fact 3: Failing primary school language and mathematics

Nationally, 72 per cent of all Grade 6 learners failed a national literacy test in 2004. In mathematics, the figure is substantially higher, with 88 per cent of all Grade 6 learners failing to achieve the curriculum standard (Figure 3.1.1). Given the centrality of reading, writing and arithmetic not only to all further learning, but also to most jobs in the information economy, the poor performance of South Africa's primary schools in providing basic education must constitute one of the countries most urgent problems.

Fact 4: Huge achievement gap

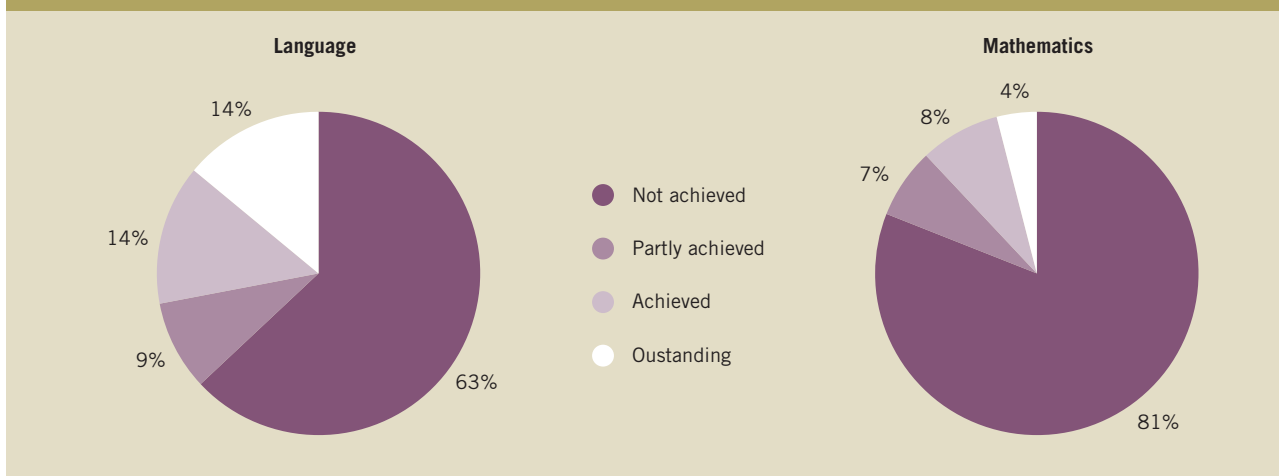
South Africa's levels of educational inequality are revealed by cross-country testing programmes to be the highest by a large margin among participating countries. The point is illustrated by results from tests administered in the Western Cape, which show that, while four out of five children in former white primary schools read at the right level, less than half of learners attending former coloured primary schools can read at grade level and only four children in a hundred in former Department of Education and Training (DET) schools are reading at the prescribed level.

Fact 5: Comparative perspective on low achievement

The mean score on the Trends in Mathematics and Science Study (TIMSS) place South African Grade 8 learners at the very bottom of 50 participating countries. Similar trends are evident in other cross-national studies of quality, where South Africa performs badly compared to a number of much poorer countries.

Doubt has been cast on the comparability of test scores for countries with very different enrolment rates. In order to address this criticism, Crouch and Vinjevoel (2006) compared TIMSS scores with enrolment rates and concluded that, whereas most countries manage to find a balance between enrolment and quality, South Africa is grossly underperforming in terms of the quality provided by its schooling system.

Figure 3.1.1: Percentage of learners at each achievement level



Source: DoE 2005a

Fact 6: Low output in Higher Grade mathematics

Of the total population of 18-year-olds (about 980 000) less than 140 000 pass Grade 12 mathematics, and only some 20 000 to 25 000 (2.5 per cent) pass the subject at Higher Grade.

The failure of primary school children to develop mastery of key subjects, particularly literacy and mathematics, has a direct effect on learner achievement in secondary school, and this in turn affects the supply of a range of professionals and technicians, and from the viewpoint of the individual, seriously damages their prospects of advancement. The Senior Certificate Examination (SCE) that takes place at the end of Grade 12 provides the most reliable information on school quality at secondary school level. The SCE gives an indication of the contribution that schooling makes to human resource development as well as to 'the stock of learners who are eligible to proceed to higher education and training opportunities' (Perry & Arends 2003: 317).

Fact 7: Ineffectiveness of the educational bureaucracy

The implementation of policy with respect to schools is heavily dependent on the effectiveness of provincial departments of education. While there is considerable variation across and within provinces, it is fair to say that most parts of the system exhibit low levels of functionality, while significant parts are essentially dysfunctional. For example, in her budget speech of 2007 the Minister of Education conceded that by no means the full Treasury allocation for the Quality Improvement, Development, Support and Upliftment Programme (QIDS-UP) had been used for this purpose in the provinces in the last year. Similarly, poor procurement and distribution of books and desks to schools leaves many schools heavily undersupplied with basic education resources. A second example is afforded by chronic problems experienced by a number of provincial departments in distributing textbooks to schools: a visit to 8 of the 60 Dinaledi schools in one province in 2006 revealed that only one had sufficient maths text books for its Grade 12 cohort. If this is what happens in government's flagship programme, how much worse is the situation likely to be in the most remote rural schools? Indeed, a visit in April 2007 to 6 rural primary schools in the same province revealed that only one school had reading books of any kind with which to teach literacy in Grades 1–3.

The critical factors which would contribute to strengthening the educational bureaucracy include: stabilising structures and personnel, filling established posts, combating patronage, standardising operating procedures, simplifying performance

management systems, and providing sustained, relevant training.

Fact 8: Shortages of technical skills

The government/business Joint Initiative on Priority Skills for South Africa (Jipsa) estimates that, at the current rate of production, only some 40 per cent of the required number of artisans in engineering and related fields will be available to cope with economic needs between 2007 and 2010 (Jipsa undated). Similarly, the construction and engineering industries are experiencing shortages in the managerial, professional and technological fields, and Jipsa estimates that production of skills in these fields need to be increased by some 20 per cent in order to meet the demands of the growing economy (Jipsa undated).

Fact 9: Poor throughput in higher education

Half of admitted students drop out of the system without receiving a tertiary qualification. The throughput rate in minimal time in engineering is around 35 per cent at the best institutions and between 5–10 per cent at the others. The comparable throughput rates in East African, Indian and US institutions are around 80–90 per cent.

The ability of the higher education system to increase the participation rate is highly dependent on the quantity of suitable school-leavers who are eligible to enter higher education.

Fact 10: Education and unemployment

Around half of all learners that spend some time in secondary school or equivalent do not find work. As one would expect, higher levels of education are associated with higher levels of employment. However the picture has changed between 1995 and 2003. By 2003, around half of all learners that spent some time in secondary school or equivalent did not find work. This suggests that going to secondary schooling is no longer a guaranteed ticket for employment, despite the severe shortage of certain forms of skilled labour. Earning a senior certificate improves chances, but even here significant numbers remain unemployed (Bhorat 2004)

INTERVENTIONS AND INITIATIVES

The Department of Education's Strategic Plan for 2007–2011 (DoE 2007a) has identified its overarching goals for Asgi to include strengthening the general education system for all and improving access to high skills and cognitively demanding curricula in schools and colleges. Specifically, four of the five ministerial goals for 2007/08 would impact on the quality of

education. Some important government initiatives are being planned or underway, designed to address the ten key problems we have identified above.

Initiative 1: Professionalising the bureaucracy

The importance accorded the task of improving the effectiveness of the system by central government is indicated by fact that Cabinet has taken charge of directing the development of the education bureaucracy, as part of a larger process of strengthening the civil service. An investigation commissioned in 2004 by the Minister for the Public Service and Administration found that lower-skilled workers comprised half of public sector employment, while semi-skilled workers made up 40 per cent. Managers and skilled personnel made up just 2 per cent and 8 per cent, respectively.

This analysis raised doubts as to whether the balance of skilled personnel was commensurate with the skills profile required by a developmental state. Skills shortages are manifested in difficulties in filling vacant posts and are found in certain occupational categories. Financial and computer skills were most needed, while literacy skills and skills for managing projects, human resources and communication are all required. Skills gaps include transversal skills ('hard' skills like project management skills or 'soft' skills like conflict management or communication skills) and specific skills associated with particular job profiles or occupational categories.

A Cabinet lekgotla in June 2006 laid out a carefully structured activity plan for improving this situation. This includes standardising job descriptions for officials at all levels of the system, instituting capacity building programmes, streamlining the quality management system and analyzing and, where necessary, revising salary structures. Although the targets set by the cabinet process have already proved too ambitious, there is no doubt that this process is on the right track, and already the effects are being felt in some provinces: for example, Limpopo appointed 800 district-level subject advisors in the second quarter of 2007.

However, there is a very long way to go on this issue and a long-term commitment by central government to improving the capacity of all ten departments of education is required if significant efficiency gains are to be achieved. In the meantime, until such gains begin to be felt throughout the system, all efforts aimed at improving the quality of schooling will experience less than optimal impact. This initiative, therefore, must be accorded the highest importance.

Initiative 2: Literacy programmes

A second critically important task is to improve the quality of reading, writing and mathematics offered by the country's 23 000 primary schools. The Department of Education has started to develop a number of policies in the area of literacy. In a recent speech (Pandor 2007a) the Minister reinforced this point, 'My colleagues, the provincial MECS, and I have agreed we should strive to put reading at the centre of the education agenda for our country' (Pandor 2007b).

At the national event to commemorate Unesco's World Book Day, the Minister noted that the Department of Education has developed a national reading programme, with a number of strands. These include the Drop All and Read campaign, designed to encourage principals to set aside a specific reading period in schools and a 'toolkit' for schools, which describes methods of teaching reading and writing and provides benchmarks for each school quarter and grade. In addition, in the past three years, over 10 000 primary schools received story books, written in all official language to establish classroom libraries. The Department is also currently piloting early-grade reading assessment instruments in Sepedi, Xitsonga, Tshivenda, isiXhosa, isiZulu and English to help teachers monitor reading progress in their classrooms. During 2007, the remaining languages will be completed (Pandor 2007b).

However, these elements do not add up to anything like a coherent national literacy programme, and indeed the three provincial initiatives described below appear to be taking little direction from the national level. Another factor hampering the effective delivery of quality improvement programmes is the inability of district personnel to participate. The reasons for this include: large numbers of vacant posts, a heavy workload consisting of large numbers of unconnected tasks, and low levels of capacity.

Western Cape

Over the past five years, the Western Cape has developed a strategy to address the poor achievement in literacy and mathematics in the province. The assumption that the provincial officials work with is that to make a contribution to AsgiSA and Jipsa is critical for the Western Cape Education Department (WCED) to provide a solid general education and training foundation for all learners. At the centre of the strategies are what is referred to as three solutions:

1. Develop and support teachers.
2. Work at systems level to attend to the problems surrounding mother-tongue and learning.
3. Advocacy/community/family literacy.

Within schools the strategy concentrates on developing strong pre-school programmes, changing classroom practices, providing learning and teaching support materials, research, monitoring and support, with a strong coordination.

What makes this intervention unique is the emphasis on the fact that all schools are required to take part in provincial tests and all schools are given targets. The province uses the results of these tests for diagnostic purposes. The tests also allow the province to set realistic 'targets' for each and every school. The intervention is lead by a senior manager of the department with a large team of 100 provincial officials. Progress has begun to be made in improving basic education in the province, and these gains are likely to accelerate as the initiative moves into full gear.

Gauteng

Gauteng's Accelerated Programme for Language, Literacy and Communication (2007) is a joint venture between the provincial Department of Education, READ Educational Trust and the Joint Education Trust (JET) Education Services. The seven-year programme, which is commencing with a pilot in 2007, aims to reach all primary and secondary schools in the province over a seven-year period. The initiative includes the following components:

- a professional development programme for teachers;
- reading and writing programmes for learners;
- reading and instructional materials for pupils and teachers; and
- a quality assurance framework to keep the programme on track and measure impact.

While the initiative for this intervention came from the Gauteng Department of Education, READ provides the teachers' training, classroom resources and consultant services, and JET is involved as the evaluator of the initiative. As with the Western Cape model, the initiative includes regular assessment of learners in all schools in the province, beginning with a comprehensive literacy profile of each school.

KwaZulu-Natal

While the formal status of this initiative needs to be confirmed, it appears that the KwaZulu-Natal Department of Education and Culture has a Whole School Information Literacy Programme, which includes a Whole School Reading Programme, with timetabled reading strategies designed to instill a love of reading in learners of all ages. This is allied to the Provincial Reading Policy Guidelines, sometimes referred

to as the Provincial Reading Policy. To advance this policy, the provincial department established a Reading Forum with membership from government departments, unions and universities. The mandates of the forum are to develop a reading policy and to monitor its implementation.

Initiative 3: Pro-poor funding arrangements

The Quality Improvement, Development, Support and Upliftment Programme (QIDS-UP) is based on the assumption that poverty is the major determinant of underachievement for the majority of schools in the country, and that they do not have the basic minimum resources required to make quality learning possible. QIDS-UP was launched in 2006, and just over R2 billion has been allocated to the programme over the 2007/08 period. The idea is to provide between R75 000 and R100 000 to each school specifically for books and other resources such as toys focusing on primary schools.

In her 2007 budget speech the Minister (Pandor 2007b) noted that 'the programme was not given the attention we had anticipated in provincial budgets last year. As honourable colleagues are aware provinces determine their own allocations and while we may agree priority areas they are not always funded. However, this year the improvement strategy will be supported and acted upon in all provinces'. Whether provinces are able to keep to these goals in the face of the management problems noted above remains to be seen. However, past experience does not provide a good prognosis.

A second very significant area of pro-poor support to schools is the no-fee schools policy initiated in 2006. In that year 20 per cent of the poorest schools were declared no-fee schools, and this will be increased to 40 per cent in 2007. Here too the Minister noted implementation difficulties in her 2007 budget speech.

Initiative 4: Secondary schools

In response to the low numbers of learners passing Higher Grade Mathematics and Science, the Department of Education launched the Dinaledi Programme in 2001. The aim of the initiative was to raise the participation and performance of historically disadvantaged learners in Senior Certificate mathematics and physical science. In the first few years, the initiative focused on 102 selected secondary schools. In 2002, 2003 and 2004, the project showed mixed results. About one-third of Dinaledi schools increased the number of learners that passed Higher Grade mathematics and science, but many schools showed little or no change, while significant declines were evident in others.

On the basis of insights gained from the project evaluation report and other research, the project was re-authorised for

an additional three years, and plans were put in place to strengthen the intervention model. The second phase of the project had as its target increasing the number of students that pass Higher Grade mathematics and science from 24 000 in 2004 to 50 000 in 2008. The number of schools in the initiative was increased from 102 to 400 (7 per cent of all high schools) in 2005.

Most significantly, the criteria for selection into Dinaledi has changed, and only those schools which achieve at least 35 mathematics passes in the SCE among African children now qualify. Thus, in an important sense the Department of Education is acknowledging that, in the face of weak management in the provincial departments, it is powerless to act in the vast majority of schools which exhibit poor levels of functionality. Many private sector donors are following suit and changing their modalities of support to schools, from models which formerly selected the poorest schools irrespective of quality, to those which exhibit some level of functionality.

Increases of 17 per cent for Higher Grade maths and 23 per cent for Higher Grade science were achieved in the first two years of the programme, and further increases can be expected as Dinaledi gets into full swing in 2007. Whether the department's target of an increase of at least 15 Higher Grade maths passes per school will be attained this year seems doubtful, but even half that quantity will increase overall production of these qualifications by 100 per cent in Dinaledi schools and by 12 per cent across the system.

Initiative 5: Reshaping the vocational education landscape

Over the last 10 years government has made much progress in modernising the FET (Vocational) sub-sector, through the following steps:

- Merged 150 small institutions into 50 Public FET Colleges.
- Recapitalised the Colleges to the tune of R1.9 billion.
- Identified 11 core programmes, in line with Jipsa priorities, and developed new curricula and trained staff to deliver these.
- Allocated R600 million in financial aid to students in the Colleges for the three-year period commencing 2007/08.
- Enrolled 25 059 students on the new programmes, against a target of 25 000. These programmes offer a vocationally oriented alternative to the current 'academic' Senior Certificate (matric) course of study in the last three years of secondary schooling.

- The Departments of Education and Labour are working on the establishment of a new trade test which will licence 'Twenty-first Century Artisans'.

These developments are part of a larger strategy of refashioning the shape of the entire education and training system, from its current 'hour-glass' shape (12 million school learners, 0.4 m vocational learners and 0.7 million higher education students), to achieve a 'pyramid' shape by 2019 (11.3 million, 1.2 million, 0.6 million).

While the Department of Education is confident that its 11 priority programmes are on the right track, the Jipsa secretariat identifies some obstacles to be overcome before these and other developments will translate into the 50 000 artisans required by 2010. These obstacles include a messy policy and governance terrain arising from the fact that the FET Colleges are administered by the national and provincial departments of education, while the SETAs fall under the Department of Labour (DoL). Within this context, Jipsa has identified a number of key elements which lie at the heart of unlocking the supply of artisans to the domestic labour market. These key elements are:

- To reach agreement on the list of 16 priority trades that would form the detail of the Artisan 50 000 plan. These 16 trades represent the priority scarce skills and range from boilermakers and automotive electricians to millwrights and welders.
- To reach agreement on the various legitimate, but currently disparate training pathways to reaching artisan status. In particular, it is essential that employers, government, training bodies and all other relevant stakeholders accept that an artisan may be trained to the same quality and standard via different routes. The present confusion around legitimate alternative routes, or pathways, to training an artisan has created blockages in the supply of these individuals to the labour market.
- To support short-run employer-led initiatives.

It is further recommended that a number of possible revenue sources be mobilised for those programmes where funding is a particular constraint, including National Treasury discretionary funds, which could be channeled through the DoL or DoE; National Skills Fund (NSF) funds which are currently being disbursed to provinces; SETA monies, which could be reprioritised to meet short-run employer-led targets; and private sector contributions. Relatedly, it is essential that the tax differential between learnerships and apprenticeships

immediately be closed – precisely to incentivise employers to support the Artisan 50 000 expansion plan. The incentive scheme should also take different delivery modalities into account.

Initiative 6: Higher education planning

The Jipsa proposal aimed at increasing the supply of engineers and built environment professionals, technologists and technicians indicates that many universities and universities of technology can boost throughput and increase their output of engineers, built-environment professionals, technologists and technicians (EBEPTTs) by implementing the following interventions:

- Improving selection procedures by including processes that measure aptitude and motivation, as Senior Certificate results (including maths and science) alone have proved to be a poor indicator of success in engineering and the built environment.
- Providing academic support programmes in order to address identified gaps and shortcomings in secondary education.
- Offering pre-entry support in the form of specialised Saturday and holiday school training also in order to address the shortcomings of secondary education by focusing, inter alia, on maths, science and language deficiencies.
- Provide academic development to improve teaching practices and course content so that they are more suitable to meet current and future demands.

TO CONCLUDE

Since 2004 clarity has increased about the operational impediments of the education system. The National Department of Education is increasingly grasping this nettle, backed by Jipsa's definition of the country's systemic needs. Tuning and retuning such a massive system will take 15 to 20 years. Remedial and skilling interventions are essential, but the long-term solution which opens up prospects for learners and for the nation is upgrading the primary school system and its teachers' instructional capability.



research

SCHOOL-FINANCING REFORM: ADEQUACY AND QUALITY

Russell Wildeman

RESOURCES AND OUTCOMES

When commentators refer to the 'disadvantage' that defines the life and struggles of poor learners, they refer to the disproportionate representation of the poor in the lowest quintiles of educational outcomes. They also refer to physical, financial and resource deprivations that these learners have to cope with on a daily basis at home and in their school environments. In educational adequacy literature, poor learners who can read, speak and do mathematics at the national average level are no longer considered disadvantaged. Educational adequacy has therefore been strongly defined in terms of educational *outcomes*, even though the building blocks of an adequacy approach undeniably address the issue of *resources* in education provisioning.

Internationally, scholars have been divided about the importance of school resources in determining educational outcomes. The American scholar Eric Hanushek (1989) represents one pole of the debate that consistently questions the link between resources and academic outcomes. Using a powerful synthesis of a large number of studies, Hanushek (1989) was able to show that traditional resource variables, such as teacher-student ratios, teacher education, and per pupil expenditures showed no strong or systematic relationship with academic outcomes.

Hedges, Laine and Greenwald (1994) represent the other pole of the debate. They argued that Hanushek's use of statistical methodology was suspect, and, on re-analysis of the same data, found compelling evidence of relationships between school-level resources and academic outcome. While these results and others that followed did not push Hedges and his colleagues simply to advocate 'throwing money at the problem', they have dented the consensus on the insignificance of resources in the overall educational outcomes and quality debates.

More recently, in 2007, Steele et al. used a sophisticated version of the multilevel statistical model to confirm the importance of school-level resources in explaining academic

outcomes. However, they urge caution about the magnitude of such effects. These debates and results have ensured that education resourcing remains an important public issue, especially as this relates to its potential policy impact and aggregate effect on the national fiscus.

TRANSFORMATION OF SCHOOL FUNDING

The post-apartheid government has clearly defined public schools as a decisive area for intervention. In recent years the articulated focus of implementation has shifted from a predominant concern with redressing the resource imbalances of the past towards progressive funding for better educational outcomes. It is important to consider whether the government's education resourcing policies mirror this shift in implementation standards and focus.

The development of funding norms and standards has been established in all the main sub-sectors of education, and shows just how far we have come in reforming the financing of public educational institutions. Among other things, this process involves the development of per learner financial benchmarks and the associated professional standards required to ensure effective implementation of national policy. It is now an accepted fact that provincial bureaucracies rely on the publication of national funding norms and standards to galvanise funding for their respective activities. This suggests that funding norms and standards have a direct bearing on the outcome of budget decisions reached through the annual provincial and national budget processes. Although it does not signify the repeal of the provinces' prerogatives in deciding expenditure allocations, the publishing of funding norms and standards within a context of competition over fresh resources represents a distinct strategic advantage in the search for better funding.

While the extension of this process to all the other education sub-sectors is to be welcomed, education bureaucracies have much more experience and knowledge of the funding norms process in public ordinary schools. In fact, given the size of the financial transfers made to schools, it would be reasonable to assert that the funding norms and standards process in public schools is most decisive in the development of a new education financing regime in the post-apartheid period. The political and policy stakes of transforming apartheid-era school funding practices are high, which explains the strong drive towards reforming and refining school financing policy.

Stringent critiques of the limitations of the original school funding policy (DoE 2003b; Motala 2003; SADTU 2003) informed the impetus towards the transformation and

refinement of some aspects of the school funding norms and standards. In the original school funding policy, provincial education departments were given *carte blanche* to use available socio-economic data to rank public schools into five quintiles, from the poorest to the least poor, so as to target available recurrent non-personnel and non-capital expenditures at the poorest schools. This gave rise to two province-unique situations, namely the development of province-specific poverty targeting criteria and province-specific per learner allocations for each of the quintiles. Many observers found it disheartening that similarly poor learners in two different provinces received vastly different financial allocations, which led analysts to bemoan the fragmentation of national policy (ANC 2002; Wildeman 2001). This ‘misclassification’ of similarly poor learners in different provinces was further complicated by unequal provincial education finance capacity.

These events, as well as strong critiques from civil society and the ruling African National Congress (ANC), resulted in a fundamental review of the funding of public ordinary schools in 2003. The review dispensed with a provincial approach to the funding of schools, and led the DoE to proclaim the idea of equal funding of similarly poor learners as ‘just’ (DoE 2003a). Not only was the language of social justice and human rights invoked, but the notion of ‘adequate’ funding directly entered into the school financing discourse. The 2003 Review noted that most schools and provincial planners felt that the school allocations were inadequate, especially for spending on items

other than learner support materials. The basis of the 2003 recommendations was very simple: develop a national resource targeting list; assign each school a poverty score based on common targeting criteria, thus enhancing the comparability of schools; define a national adequacy financial benchmark (quintile 3) and poverty top-ups for the poorest two quintiles; and define these per learner allocations as targets which could be phased in at provincial level through national and provincial budget processes. Furthermore, the 2003 Review foresaw that these changes require greater resources for implementation, and mooted the idea of a conditional grant or adjustments to provinces’ equitable shares.

Following comments and inputs to the 2003 Review, the DoE published concrete proposals for the way forward in the form of a Plan of Action (DoE 2003b). The Plan of Action gave further credence to the idea of a national resource targeting framework, as well as a basic minimum level for the funding of learners. It also sanctioned the idea of national quintiles as a means of ensuring that similarly poor learners receive comparable allocations across provinces. Finally, the Plan of Action put forward the idea that schools in the poorest two national quintiles should be discouraged from and limited in charging school fees. This, of course, was the beginning of the idea of no-fee schools.

Following the publication of the Plan of Action, the DoE began a process of gradually revising the school financing framework. An important intermediate step was the publica-

Table 3.2.1: The national poverty distribution table based on household income 2000 (%)

	National Quintiles					Total
	1	2	3	4	5	
Eastern Cape	34.8	21.6	21	11.6	10.9	100
Free State	30.8	14.9	20.1	18.8	15.4	100
Gauteng	10.5	11.4	27.4	27.2	23.6	100
KwaZulu-Natal	24.2	18.8	25.6	17.3	14.1	100
Limpopo	34	22.3	24.9	11.6	7.2	100
Mpumalanga	16.7	20.2	29.8	19.9	13.5	100
Northern Cape	26.3	17.7	21.6	14.8	19.6	100
North West	22.7	15.2	30.5	20.5	11	100
Western Cape	6.5	8	23.1	27.7	34.6	100
South Africa	20	20	20	20	20	100

Source: DoE 2006: 33

Table 3.2.2: The national targets table for the period 2008–10

National quintile	Poverty gradient (%)	2008		2009		2010	
		Per learner allocation	% learners who can be exempted	Per learner allocation	% learners who can be exempted	Per learner allocation	% learners who can be exempted
National Q1	30	R775	100	R807	100	R855	100
National Q2	27.5	R711	100	R740	100	R784	100
National Q3	22.5	R581	100	R605	100	R641	100
National Q4	15	R388	67	R404	67	R428	67
National Q5	5	R129	22	R134	22	R147	22
Overall	100	R517	89	R538	89	R571	89
No-fee threshold		R581		R605		R641	

Source: DoE 2007b

tion of the Education Laws Amendment Act, No 24 of 2005 (DoE 2005b). This legislation provides legal cover for the Minister of Education to determine national quintiles, norms, and minimum standards for the funding of public schools. Practically, this refers to the distribution of national poverty quintiles in provinces, as well as per learner financial targets for each of the five quintiles. The legislation also provides that the Minister of Education must, by notice in the Government Gazette, annually determine the 'national quintiles for public schools or part of such quintiles, which must be used by the Member of the Executive Council to identify schools that may not charge school fees' (DoE 2005b: 6). These developments have paved the way for a more comprehensive formulation and interpretation of the new school financing arrangements, embodied in the amended national norms and standards for school funding.

The inclusion of a national poverty distribution table and a national targets table is the most important feature of these amended national norms and standards. The national poverty distribution table is based on the analysis of national household income poverty. It only includes households that contain school-going children between the ages of 7 and 18. Once this data has been divided into national poverty quintiles, the national poverty table then establishes the size of each of these quintiles in the provinces. Table 3.2.1, on the previous page, shows the result of this process.

The main purpose of this table is to counter a situation where similarly poor learners across provincial boundaries are defined differently and placed in two different national poverty quintiles. To further enhance uniformity in the

implementation of the new school financing policy, the DoE also published a national targets table, which provides desired per learner spending levels for each of the national poverty quintiles. This completes the transformation of the school financing policy from a provincially defined process for placing poor learners to a national process, and creates a norm for financial allocations for each of the five quintiles. Table 3.2.2 provides information on the latest national targets table.

Three aspects of the data from this table require closer attention, namely:

- The poverty gradient, which indicates the percentage of available recurrent non-personnel- and non-capital expenditure that must be devoted to each quintile. The poverty gradient provides further evidence of the DoE's understanding of the distribution of poverty.
- Column 4 indicates the maximum percentage of learners in each national quintile that could be funded to the no-fee threshold level. This percentage is dependent on available government funding and actual levels of school fees.
- The no-fee threshold, or the minimum level of funding adequacy, is associated with the per learner target for the median quintile. This represents the DoE's idea of the lowest level at which the poorest learners should be funded.

INPUT ADEQUACY AND BEST-PRACTICE SCHOOLS

Here it is worthwhile to pause at the concept of 'adequacy', widely defined as the minimum resourcing level that should

enable the attainment of pre-defined learner standards. (Clune 1997: 104; DoE 2003a: 64; FFC 2005: 2; Fiske & Ladd 2004). This prompts a familiar question: is the linking of resources to pre-defined outputs best done through statistical equations, or through 'best practice' examples of schools that do well with limited resources? In the present funding norms and standards, adequacy is rendered purely as an input norm, and there is no explicit reference to output learner standards (FFC 2005: 2). However, the amended school funding norms require schools to develop information and feedback about how such funding contributes to the advancement of quality learning. As there are no explicit formulated learner standards, the view of the FFC that these norms constitute mandatory input spending levels is confirmed. It is important to note that the amended school funding norms policy does not use the language of 'adequacy', but instead uses the term 'no-fee threshold'. Since this policy does not challenge the idea of a minimum level beyond which poor learners should not be funded, one can assume that the semantic swap has not rooted out the original policy intentions of providing an 'adequate' allocation.

So how exactly did the DoE arrive at its version of input adequacy? Evidence from current Institute for Democracy in South Africa (Idasa) research indicates that the adequacy amount has been based on the 'best practice' examples of a range of poor primary schools in Gauteng. These schools were selected because they are considered to be doing well academically, especially in view of their poverty. The available recurrent non-personnel and non-capital resources that these schools use on average has contributed heavily to the formulation of the no-fee threshold amount. Adequacy has been further defined by the government's estimate of available funding in provinces' budgets over the medium-term expenditure period. There is no public evidence to indicate that the DoE's version of input adequacy has been defined by a pre-defined input standard or an empirically costed package of basic goods and services.

NO-FEE SCHOOLS: THE CHALLENGES

What are the main funding and service delivery challenges associated with the introduction of no-fee schools in January 2007? Firstly, the introduction of no-fee schools has not been accompanied by adjustments to the provincial equitable shares or led to the introduction of a national conditional grant. The 2003 Review was hopeful that one of these two options would be followed to facilitate the process of providing a better funding deal for the country's poor learners. Therefore, increases to the school funding must be

covered by ordinary changes to the baseline allocations of provincial governments. Secondly, as is clear from the national poverty distribution table above, the financing impact of the funding norms is not the same for poor and more affluent provincial education departments. Poor provinces have a much larger share of poor learners in the national poverty quintiles where schools may no longer charge school fees. Predictably, these are the provinces that experience the greatest difficulties in delivering a per learner allocation in line with the national targets table. More affluent provinces have far greater discretion in the allocation of funding to the 'non-poor' quintiles, because their financial commitments in the poorest two national quintiles are relatively light. This means that these provinces are able to roll out per allocations in the non-poor quintiles, which are above that of the national targets table.

Thirdly, provincial and municipal boundary changes have created many problems, especially in those places that received learners and schools. A key problem is that existing poor schools stand the chance of either losing their no-fee status, or being pushed down to a lower non-poor poverty quintile. Although the affected school's allocation will not decline immediately – it will in fact enjoy the same per learner allocations as before – no further financial gains should be expected. By not increasing the per learner allocation of the affected school, and letting inflation erode the real value of its allocation, such schools become poorer over time. The idea behind this is that such schools will eventually catch up with the mandatory per learner spending levels for that non-poor quintile. It is clear, however, that a large number of poor schools find themselves in this situation, and hence the backlog is substantial. This is one of the first signs that the introduction of the no-fee school system has caused instability into the funding of public schools, and that there are large penalties for being pushed out of the poorest two national quintiles.

Fourthly, not only are schools vulnerable to the changes in ranking, but poor learners face similar situations. Provincial respondents reported many examples of poor primary learners who, when moving to secondary school, found that the only school available was a fee-paying school. Although secondary schools cannot refuse access to poor non-fee paying learners, there are obvious problems for both the learners and the school – their non-payment of fees will inevitably be resented by fellow learners and their parents, and the school will almost certainly face a financial deficit, given the relatively low government per learner allocation that it receives. Litigation on this issue has thus far justly favoured poor learners, but this remains a policy gap that

needs urgent official attention.

Fifthly, one of the most pressing problems in the original funding norms, namely poor funding for middle schools, has not been resolved in the amended funding norms and standards. Also, because of the re-ranking of schools due to the shift from provincial quintiles to national quintiles, many formerly poor schools now find themselves in non-poor quintiles. In the poorest provinces, this means that approximately half the schools are funded at an inadequate level. Since the amended funding system is intended to be permanent, predicting that these schools are destined to become poorer and operate at unsustainable financial levels is not an exaggeration. This is highly problematic in a context where quality issues have been pushed to the forefront of the national education agenda.

Finally, interviews with provincial respondents brought to our attention the disproportionate policy and monitoring resources devoted to no-fee schools. This was surprising: nowhere does the official policy suggest that so much attention be given to 40 per cent of public schools nationwide. In the well-written school financing policy that spans 52 pages, less than four pages are explicitly devoted to the issue of no-fee schools. Historically, under the original funding norms, learner and teacher support materials enjoyed the largest policy and financial attention. However, the implementation of no-fee schools has now joined the list of prioritised information that passes between the DoE and provincial education departments. The establishment of dedicated norms and standards units where new personnel

are tasked with issues affecting no-fee schools also shows the extent of the dominance of no-fee schools.

THREE CONCLUSIONS

Three conclusions are possible from the available evidence. Firstly, the transformation from provincial to national funding frameworks has been achieved successfully. This success guarantees the nation's poorest public schools a reasonable slice of any new funding that becomes available over the provinces' baseline budgets. Secondly, this same blessing also constitutes a potential burden. The national government's controversial intervention in provincial budgets rides on the notion that the requested funding norms bear relationship to some pre-defined input or output standard. With neither of these standards evident in the latest financing reforms, education policy-makers may encounter strong resistance from other sectors for future funding increases. These sectors may use the notion of 'adequacy' as a powerful argument against better funding for the education sector because, ostensibly, a minimum adequacy level has been reached. Thirdly, the stark inequalities in educational outcomes may render the present strategy of affirming the poorest 40 per cent of learners suspect. Free public basic education for all probably offers a reasonable pact between sustainable funding strategies and quality education. However, this is exactly what all the reforms to the financing of public schools have been careful to avoid.



research

HIGHER EDUCATION AND SOCIAL JUSTICE

André du Toit

More than a decade since the launch of South Africa's post-apartheid democracy in 1994, public debates remain much concerned with the role of 'affirmative action' and 'employment equity' policies at our institutions of higher learning. There are familiar reasons for the focus on these policies, but they may be missing the point of some of the most important ways in which the post-apartheid institutional landscape has been reshaped. From a social justice perspective the restructuring of higher education in South Africa cannot be considered only at the level of policy objectives or in terms of moral and political principles. Any assessment must also be concerned with actual equity outcomes (including unintended or unanticipated reactions).

It is in the conflicts and tensions between principled policy objectives and their unintended outcomes that the issues of social justice are most sharply posed. While the dramatic symbolic break that the 'transformation' of higher education in post-apartheid South Africa wishes to effect is readily apparent, the underlying continuities and systemic limitations tied up with the legacies of apartheid may still prove the more serious challenge.

THE DYNAMICS OF RESTRUCTURING

The restructuring of post-apartheid higher education did not proceed smoothly. Four distinct phases, each with its own characteristics and dynamics, are discernible: first, the collapse of apartheid (1986–1994), second, the period of symbolic policy (1995–2000), third, state intervention and resumed enrolment growth (2000–2004) and fourth, the current post-2004 period of enrolment capping and differentiated policy interaction (Bunting & Cloete 2007: 5).

The initial post-1994 phase, represented by the work and report of the National Commission on Higher Education (NCHE) followed by various government Green and White Papers as well as the Higher Education Act of 1998, operated at the level of symbolic policy with the prime intention of declaring a break with the past and signalling a new direction.

The desegregation of historically white universities and the inclusion of all institutions of higher education within a single national system, explicitly based on the principles of equity and democratic transformation, brought about a massive increase in black student enrolments and a revolution in the general student profile. While white students had a 60 per cent share and African students a 27 per cent share of total higher education enrolments in 1986, by 1999 there were almost twice as many African students as whites (Bunting & Cloete 2007: 5). This is a remarkable achievement by any standard. Indeed, comparative studies claim that it may have been the greatest change in racial and gender composition of a student body anywhere in the world during the same period (Cloete & Galant 2005: 13).

However, the initial years following 1994 also became known as those of the 'implementation delay'. The complex process of official policy-making from the NCHE through the Green and White Papers to the 1998 Higher Education Act and the 2001 National Plan for Higher Education (NPHE) took years. There were delays in policy formulation, legislative enactment and in the introduction of key mechanisms such as the new government funding formula to replace the South African Post-Secondary Education (SAPSE). Meanwhile policy planners found themselves overtaken by different and unexpected developments initiated by institutional actors on the ground. Of particular importance were the adaptive strategies deployed by the various institutional sectors. These have been characterised as:

- the 'wait for redress but aspire for equality' strategy adopted by all historically black universities;
- the 'continue with business-as-usual' strategy of the technikons (both the historically black and some of the historically white technikons);
- the 'expand student enrolments and ensure financial sustainability' strategy of the historically white Afrikaans universities and some of the historically white technikons; and
- the 'do current business in better ways' strategy of the historically white English universities (Bunting 2002; Cloete & Fehnel 2002; Bunting & Cloete 2007).

Individually and together, these various institutional adaptive strategies brought about substantial changes and radical realignments in the institutional landscape of higher education even while the official policy objectives and structures were being formulated and put into place.

In the upshot, the 'implementation delay' proved disastrous especially for the black universities, or 'Historically Disadvantaged Institutions' (HDIs), that had staked their strategy on the expectation of redress; counter-intuitively, it was the Afrikaans formerly white or 'Historically Advantaged Institutions' (HAIs) that emerged with significant increases in black student enrolments and financial resources. For the HDIs the symbolic government policy had generated unrealistic expectations about redress. At the same time these institutions suddenly had to deal with intensified market competition as black students voted with their feet. By 1999 they had lost 25 per cent of their student enrolment to the HAIs and in several cases literally faced crises of survival (Bunting & Cloete 2007: 14, 28).

At the same time key shifts had also taken place in the official policy objectives themselves since 1994. In line with basic changes in the ANC government's macro-economic and social policies from the Reconstruction and Development Programme (RDP) to Growth, Employment and Redistribution Programme (GEAR), some key – and contested – shifts in policy principles, goals and discourses took place. With the adoption of the National Plan for Higher Education (NPHE) in 2001, and more particularly with the institutional merger process, the basic commitments shifted from equity and redress to efficiency and responsiveness. More specifically these shifts and changes have been well characterised by Fataar:

The [higher education policy] discourse shifted rapidly from a strong equality-driven focus to an alignment with the government's macro development and growth path ... By the late 1990s the growth and human resources discourse had trumped discourses of equality and redress in the higher education policy field ... In contrast [to the symbolic policy making that emphasised values, missions and broad policy frameworks], the proposals for institutional mergers by the NPHE (2001) signalled a shift to ... concrete actions, implementation procedures and resource allocation mechanisms. Strikingly, policy positions that emanated from this policy moment laid emphasis on efficiency, global economic development and higher education alignment with and responsiveness to the government's HRD plan. Equity and redress, prominent in the pre-1997 policy moment, were secondary to the more primary task of making higher education more responsive to the labour market with its attendant requirements for knowledge workers and innovation (Fataar 2003).

At least three sets of social justice issues pertaining to higher education restructuring may thus be identified: *equity of access* (tied up with the contested objective of the 'massification' of higher education); individual and institutional *redress* (tied up with the crisis of the 'Historically Disadvantaged Institutions' (HDIs)); and, more specific 'affirmative action' and 'employment equity' policies.

EQUAL ACCESS AS SOCIAL JUSTICE

The initial achievements of restructuring post-apartheid higher education were manifest in the growth in overall student enrolments, above all with the dramatic increase in the headcount numbers of African students. African students became a majority in the overall student body of the unified system of South African higher education by 1995 – a major demonstration of more effective access to an arena from which they had historically been excluded. But this did not constitute equity in access by any means. That becomes clear once we look beyond headcount numbers to participation rates. (Participation rates are calculated by dividing headcount enrolment totals for the given years by the closest applicable census data on those in the 20–24 year category.)

The basic inequity of the apartheid legacy is starkly posed by the fact that in 1995 when overall participation rates in higher education stood at 14 per cent, the participation of African students still stood as low as 9 per cent and only improved to 12 per cent in 2005 – compared to the participation rates of white students sustained at 60 per cent. The much-touted increase in raw numbers enrolments of African students, from 287 000 in 1995 to almost 450 000 by 2005, looks more problematic when viewed from this perspective. In effect, and despite the substantial increase in headcount enrolments, post-apartheid higher education in South Africa has remained very much an elite system, and one effectively structured along racial lines. However, the basic problem is not so much the racial differentiation as such; rather at bottom it is that the (African) majority is not gaining adequate access to higher education.

In principle this issue was addressed at the outset of the restructuring process in terms of proposals for the 'massification' of the higher education system. In its 1996 report the NCHE identified increased participation and massification of higher education as one of three main 'pillars' for the transformation of higher education. Indeed, the central proposal was that the massification of South African higher education should provide the vehicle for equitable transformation (NCHE 1996: 94–100).

While the NCHE's other main proposals were received with

general acclaim, its massification proposal was not accepted by the Minister. Instead, the Department of Education concluded that massification was not affordable and the 1997 White Paper argued for 'a planned expansion of higher education' (CHE 2004: 26). At the time, this was very much a contested issue; the NCHE's proposal for massification was certainly in line with the general optimistic thrust of 'opening the doors of higher learning' that had been closed under apartheid. On top of the remarkable surge in student enrolments that had already taken place over the previous decade, the NCHE's projections that an overall participation rate of 30 per cent and a participation rate of 20 per cent for African students could be achieved by 2005 might well have appeared feasible.

However, contrary to all expectations the overall increases in student enrolments levelled off during 1995–2000, and the actual headcount numbers and participation rates by 2005 was much closer to the 1995 base lines than to the NCHE's projections. So in 'realistic' terms the DoE's rejection of the NCHE's massification proposals could be said to have been vindicated, and in the latest phase of post-2005 policy objectives the state is increasingly committed to definite enrolment caps. From a social justice perspective, the state's 1997 rejection of massification proved so fateful that the question must be raised whether this was a case of 'realism', or simply of self-fulfilling prophecy.

Consider the counter-factual question: what would have been the implications and consequences if the state had accepted the NCHE's massification proposals? How different might the overall enrolment figures and relevant participation rates have looked, by 2005? To ask this question is not merely to speculate about the road not taken within the higher education system itself, but to raise basic questions about its relation to the overall education system and general policy environment.

In at least two vital respects higher education is not a closed system but is dependent on external inputs, that is, on the absolute amounts and relative proportions of public funding allocated to education in general and to higher education in particular, and on the products of the secondary education system qualifying for entrance to higher education. While the share of overall expenditure on education in the national budget compares well with international norms, that of higher education in particular falls below comparative standards (Steyn & de Villiers 2006). Anything like the massification of higher education projected by the NCHE would have required both a relative increase of overall expenditure on education in the national budget at the expense of other budget items like health, social welfare or

defence, as well as a substantial increase of expenditure on higher education in particular if resources and standards were to be maintained. But even if the funding could be found, there is also the question of whether the secondary education system could produce a sufficient number of outputs qualifying for entrance to higher education to make a massified higher education system feasible.

In 1996, when Curriculum 2005 was only just being put into place, it was possible for the NCHE to anticipate that, as the first cohorts of the post-apartheid generation moved through the restructured primary and secondary education system an improved and substantially expanded platform for entrance to higher education would be put in place. Today the picture looks entirely different. The outlines of the wholesale failure of the secondary schooling system to produce anything like an improved platform for entrance to higher education were recently starkly summarised by John Kane-Berman:

Of more than 1-million pupils who were in grade 10 in 2004, only a third passed matric at the end of [2006], and only 8 per cent passed matric well enough to qualify for university. ... There were fewer university-entrance matric passes among all races [in 2006] (85 830) than in 1994 (88 497). Africans account for most of these matriculants. Their results have shown virtually no improvement in the past 12 years. In 1994, altogether 392 434 Africans wrote their senior certificate exams, of whom 51 016 (13 per cent) obtained university-entrance passes. At the end of [2006] 442 800 Africans wrote senior certificate exams, of whom 51 180 (11.6 per cent) obtained university-entrance passes. These last set of figures tell us that the number of Africans obtaining university-entrance matric certificates was not much higher after 13 years of democratic rule than after 40 years of Bantu Education. The lack of progress is all the more alarming if one remembers that discriminatory funding no longer applies. Previously, African pupils received very much less public funding than pupils of other races. At one stage, in the early 1970s, average per capita spending on white pupils was 18 times the figure for African pupils. ... Today there is no longer any racial discrimination in how the state allocates resources to education (Kane-Berman 2007).

More than a decade into our post-apartheid democracy, the secondary schooling system evidently produces only a small elite core prepared for effective entry into higher education.

The racial composition of that core may be significantly different from what it had been under apartheid, but its order of magnitude remains much the same.

The structural reality is that an identifiable sector of post-apartheid South African secondary schools constitutes a stable but small (de-racialised) elite system, and it is this sector on which higher education effectively depends for the entrants to its own small (de-racialised) elite system (Taylor 2006). As long as that is the case the prospect of achieving significantly improved equity in access to higher education does not seem feasible.

REDRESS AS SOCIAL JUSTICE

Equity and redress featured prominently among the principles and objectives of the initial proposals for restructuring the post-apartheid higher education system and had to be unpacked in more specific terms and applied in different contexts.

The notion of equity was used in at least three ways during the period of policy formation: (a) equity as redress, (b) equity as equality, and (c) equity as distributive fairness. In the first sense of redress, equity requires special benefits to be awarded to those harmed by the apartheid system. In the second sense of equality, equity requires all social benefits to be distributed equally across a society. In the third sense of distributive fairness, equity requires that all be given equal opportunities of gaining access to societal benefits, but does not require equal distribution of these benefits (Bunting & Cloete 2007: 13).

These meanings of 'equity as redress' were not only hotly contested, but their salience changed over time with momentous consequences.

To begin with, the issue of 'redress' was sharpened in the preparation of the 1997 White Paper in response to the NCHE report and proposals. The initial version of the draft White Paper conspicuously departed from the NCHE's focus on equity as redress. It stressed 'fiscal and managerial efficiency, while neglecting the equality goals of the previous documents'. Written by a World Bank expert who was given the responsibility of 'aligning higher education policy with the recently accepted GEAR macro-economic policy', the draft failed to take into account 'critical recommendations for overcoming and going beyond the legacy of apartheid, and failed to provide clarity about how transformation was to take place' (Fataar 2003: 7).

This draft White Paper provoked intense opposition and lobbying especially from representatives of HDIs, but also in the parliamentary portfolio committee on education and the ANC's parliamentary education study group. With their input the draft was reworked and the emphasis on equity and redress restored in the final White Paper on Higher Education – but now with a decided stress on institutional redress, evidently with the HDIs very much in mind. The White Paper still distinguished 'between institutional and individual redress; between benefits which would go to institutions damaged by the effects of apartheid and benefits which would go to individuals harmed by the effects of apartheid' (Bunting & Cloete 2007: 14), but its concern with institutional redress for the HDIs now moved to centre stage in the restructuring agenda that created momentous but unintended consequences for these very institutions.

During 1995–2000 the historically black universities relied on the perceived promise of institutional redress to resolve the legacies of discrimination and exclusion. Unlike the Afrikaans-medium universities, these institutions were thus not energised to engage in new entrepreneurial strategies. Rather they tended to rely on the state in anticipation of redress in support of their weak institutional bases. But the expected redress funding was not forthcoming. The state failed to increase the amount earmarked for redress between 1995 and 1997. Annual allocations of R28m, R60m and R30m were made to universities and technikons between 1998 and 2001 for redress purposes, but these were of a different order entirely (Steyn & de Villiers 2006: 43; Kraak 2001: 21).

In short, the 'waiting-for-redress' strategy proved little short of disastrous. The historically black universities with their weak institutional bases were instead exposed to the pressures of a more competitive academic market-place, occasioning a further spiral of institutional decline, if not literal crisis of survival. It was in this context, and with this historical baggage, that in the late '90s the HDIs attempted to claim that the general policy commitment to 'redress' should take the form of institutional redress to them as 'Historically Disadvantaged Institutions'. But, as Fataar explains, by this stage redress was no longer central to the official policy agenda:

Institutional redress policy was endorsed by earlier policy documents such as the NEPI investigation (1993), the NCHE (1996), and the WPHE (1997). While there was a lack of clarity over its form, whether it should be block grants or earmarked funding, the expectation of redress had caused many HDIs to attach

the resolution of their institutional crises to receiving extra government funding. ... By 1998 the policy discourse around the HDIs had swung from that of them being 'redress-deserving' to 'crisis ridden' and as highly inefficient in terms of their student output and responsiveness (Fataar 2003: 9).

The Council on Higher Education (CHE) reported that in three cases (the universities of Fort Hare, the North and Transkei) 'governance had collapsed altogether, prompting the Minister to request a report in each case by an independent assessor, and followed by the appointment of an administrator to fulfil the governance functions of disbanded councils' (CHE 2004: 178).

The issue of institutional redress to the historically black universities was complicated and ambiguous in various ways. Historically these institutions, with the partial exception of Fort Hare, had been launched as creatures of apartheid. In the course of the '70s and '80s sustained student resistance based on these campuses played a major part in the history of the internal anti-apartheid struggle to the extent that by the 1990s former 'Bush Colleges' had been transformed to 'Historically Disadvantaged Institutions' that could claim and expect redress.

But while there can be no doubt that the individuals and communities involved and associated with these contested universities had indeed been victims of apartheid inequalities and injustices, their strict institutional position and function was more ambivalent. In terms of state funding during the apartheid period, for example, these universities did not fall under the general South African Post-Secondary Education (SAPSE) funding formula that applied to white universities and could benefit in various ways from direct state funding. Ironically the ending of apartheid and their inclusion, along with the universities associated with the former homelands, into a unified national higher education system also brought an end to these relative benefits and protections. In effect it meant that from 1995 the historically black universities were also brought on the general SAPSE funding formula and so exposed to the quasi-market principles on which this funding formula operated. Consequently the level of state funding for these universities declined in both absolute and relative terms (Bunting 2002: 137). In the event, the plight and crises of the historically black universities was then addressed from 2001, neither under the banner of institutional redress nor along the lines of the CHE 'Size and Shape' Task Team Report for turning them into scaled-down 'bedrock institutions', but along the very different route of the institutional merger process.

What did this outcome signify for the basic commitment to equity and redress? The government's backing away from institutional redress to the historically black universities did not necessarily amount to a rejection of the principle of redress as such but could be interpreted as a shift from institutional to individual redress: 'The unexpected continuation of the apartheid-based SAPSE funding formula after 1994, which was founded on student numbers, had the effect of shifting the redress focus away from Historically Disadvantaged Institutions to mobile individual black students.

These students were now in a position to leave the Historically Disadvantaged Institutions for Historically Advantaged Institutions' (Fataar 2003: 9–10). This is also how the CHE Task Team conceptualised the issue of redress in its 'Size and Shape' report. It acknowledged that 'under apartheid certain higher education institutions experienced a history of disadvantage' but affirmed that 'the challenges [of the apartheid legacy] have to be met without becoming paralysed by the legacy of the past'. As far as redress was concerned it proposed that:

the claims for institutional redress must be balanced against the imperative for historically advantaged groups of people. Social redress and institutional redress are connected, but the former is not reducible to the latter. Students from historically disadvantaged social groups are in large and increasing numbers entering institutions characterised as 'historically advantaged'. The categories of 'historically advantaged' and 'historically disadvantaged' as applied to institutions are becoming less useful for social policy purposes (CHE 2001: 13–14).

In effect this signalled two different though related shifts in official discourse and policy orientation. On the one hand it meant that redress was to be achieved in individual rather than institutional terms, that is, if individual black students used their new mobility to find their way to formerly white universities, then this was not a problem but could be part of the solution. On the other hand it also indicated that backward-looking equity-as-redress was being assimilated to forward-looking equity-in-development. In this sense it was also in line with more general shifts from the national concern of 'dealing with the past' and proposals for individual and collective reparation associated with the Truth and Reconciliation Commission (TRC) to the developmental state discourse of the ANC government under President Thabo Mbeki. When he finally responded to the TRC's long delayed

proposals for reparation in the Parliamentary debate at the beginning of 2002, Mbeki clearly articulated his unease with the very idea of 'redress' unless this was embedded in more general and forward-looking notions of development. Something very much like this had played itself out in the course of the contestations around the principle of redress in higher education restructuring over the previous years.

HISTORICAL CONTEXT

The most controversial aspect of 'affirmative action' and 'employment equity' policies concerns the way in which these need to be cast in terms of the same race-based categories derived from apartheid in order to undo the legacies of apartheid injustice and inequalities. While the intentions and objectives of such 'affirmative action' and 'employment equity' policies are the opposite of apartheid racism, the fact remains that the policy instruments being employed are identical to those of apartheid.

In order to ensure that university student admission policies and staff appointments will be more equitable and undo the iniquitous legacies of apartheid education, individuals need to be classified as 'white', 'African', 'coloured' and 'Asian' – just as under apartheid. There are evident moral dilemmas and logical contradictions involved in any attempt to use apartheid-derived race-based classifications in order to combat and undo the legacies of apartheid racism, certainly if these amount to anything more than strictly circumscribed transitory measures. It may be added that while the new South African Constitution provides a basis for redress in general and affirmative action in particular, it does *not* require that these be conceived in race-based categories. Indeed, that would have gone strongly against the grain of the historical and political tradition of 'non-racialism' which so strongly informed the making of our new Constitution.

What then is the relevance of the preceding account of the objectives and outcomes of the post-apartheid restructuring of South African higher education for the issues raised by current 'affirmative action' and 'employment equity' policies? In the first place it is necessary to reflect on the implications of the reality that though the restructured post-apartheid higher education system has been significantly de-racialised, especially with regard to the composition of the overall student body, it has not been able to achieve anything like general equity in access to higher education. For the time being the post-apartheid higher education system remains a small (de-racialised) elite system.

This means that any 'affirmative action' and 'employment

equity' policies can only be implemented *within* this small elite system, and necessarily does not and cannot affect the majority who are unable to gain access to higher education. Moreover, at this point the trajectory of the crucial articulation between the products of the secondary school system and the higher education system is of vital importance. If the core group of school-leavers with equivalent university-entrance matric passes, which effectively constitute the pool on which higher education has to draw, had significantly expanded along the lines that the NCHE anticipated in 1996 then that would have created an entirely different context for current 'affirmative action' admission policies.

Quite simply, if the 50 000 Africans with university-entrance matric passes in 1994 had doubled or even trebled by 2006, then that would have enabled a significant massification of higher education – and significantly decreased the need for 'affirmative action' admission policies. (In the longer run it would also have ensured the conditions under which significant changes in staff employment equity could become both possible and necessary).

But the reality is that this expansion of the platform for university entrance did not take place and that the elite core group of Africans with university-entrance matric passes has remained at around 50 000 annually. This must raise serious questions about the significance and function of 'affirmative action' admission policies *in these circumstances*. If the small elite pool of Africans with university-entrance matric passes is not expanding but remaining stable, then fiddling with admission procedures or ratcheting up admission targets to somehow ensure 'demographic representation' can hardly be expected to deliver its ostensible objectives. To the extent that such 'affirmative action' measures are effective, their impact must of necessity be confined *within* the small (de-racialised) elite system of higher education.

That means that the beneficiaries of these 'affirmative action' measures will also decreasingly be individuals who themselves have been relatively disadvantaged: the black students who were among the early cohorts of entrants to post-apartheid higher education in the early 1990s were likely to have been first-generation university students on the way to moving into the new black middle class. But by the current cohort of 2007 they are more likely to be drawn from the small elite sector of the secondary schooling system, the children of black middle class parents and, in an increasing number of cases, second-generation university students.

If so, then 'affirmative action' admission policies as well

as 'employment equity' staffing policies within the (de-racialised) small elite system of higher education will in effect increasingly serve to reproduce the small established black elite rather than historically disadvantaged individuals or groups. Indeed, it could be argued that in these circumstances 'affirmative action' policies couched in apartheid-derived racial categories would more and more serve to provide an ideological justification for privileging the established black elite groups at the expense of the African majority.

Much the same holds in so far as 'affirmative action' and 'employment equity' policies are conceived in terms of some general notion of 'redress' in the context of higher education. The principle of equity as redress was a core objective at the outset of the post-apartheid restructuring of the higher education system but then became increasingly contested when it was interpreted to mean either institutional redress (to the 'historically disadvantaged' of black universities) or individual redress (in the case of black students who used their new-found mobility within a unified higher education system to gain access to historically advantaged formerly white universities). In the case of the first cohorts of such black students who made this move in the course of the 1990s it was likely to have been a recognisable form of individual redress. But as the post-apartheid system of higher education became stabilised as a small (de-racialised) elite system by the end of the first decade of democracy, this is likely to be less and less the case in strict individual terms.

In these circumstances serious questions must again be raised concerning the 'redress' function and significance of 'affirmative action' and 'employment equity' policies. In recent years these policies have increasingly been justified in terms of the need, not so much to secure redress in the case of particular previously disadvantaged individuals, but in order to achieve 'demographic representation' (where 'demography' is conceived in apartheid-derived racial categories). In other words, though a particular individual has not been personally disadvantaged (s)he may still qualify as a beneficiary of 'affirmative action' by virtue of being a member of a historically disadvantaged demographic group. This is a peculiar *representative* interpretation of race-based 'redress' which is far removed from the original meaning of individual or communal redress.

However, this race-based 'representative' meaning of 'redress' is perfectly couched to serve the interests of a small established black elite who have insider access to the higher education system in the midst of the large majority of Africans who have no such equity of access to higher education.

In sum, the legacies and continuities of apartheid inequalities at the heart of the post-apartheid era are proving more resilient than might at first sight appear. The iniquity of apartheid education was not just a question of the absolute or comparative levels of inequality but above all of its race-based objectives and justifications. The de-racialisation of the higher education system which had begun during the final stages of the apartheid era conceivably provided a launching stage for greater equity in access to higher education in the new democratic South Africa. That this has not yet come about would seem to be primarily due to problems at the level of secondary education to produce a sufficient pool of qualified potential university entrants. In this context of an effective failure to ensure equity in access to higher education for the African majority, a conspicuous stress on 'affirmative action' and 'employment equity' policies couched in apartheid-derived race-based categories cannot but be increasingly problematic from a social justice perspective.

Chapter four

Poverty and land reform

“The land reform programme aims to deal with one of the most egregious injustices of South African history and with an area where transformation remains particularly important because of its visibility. Progress has been slow and halting.”

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review

POVERTY AND LAND REFORM

Land is a deeply symbolic issue to most South Africans, representing an essential victory against the injustices of the past. Paradoxically, the past decade has seen a massive surge of people out of rural areas into urban ones. Social grants and land reform are the major policy instruments deployed against intractable rural poverty, hence the focus on issues and impediments surrounding land reform in this chapter on poverty.

The laws and state programmes that surround land reform, and embody government's agricultural policy, are complex and overlapping. Policies and programmes are continually revised, renamed and re-introduced. This is a response to the lack of progress with land reform which is in part because of institutional difficulties, but it also reflects the lack of an overall policy to guide agrarian reform in South Africa. The rapidly changing restructuring responses create confusion and uncertainty. They also fail to address the underlying problems of the capacity and capability of national and provincial departments, and of district municipalities.

A briefing note on the Land Reform Programme by Tim O'Shea seeks to clarify the key points of the policy measures in place, and some of the locations of the bottlenecks that have impeded its progress. Quantitative information about finance provided, specific progress in individual provinces, numbers and success of farmers targeted by the support system intended to boost their capacity, is extremely hard to come by. Data illuminating both successes and failures, and strategies contributing to them, is sorely needed. Most important would be survey data indicating target beneficiaries' expectations, preferences and agricultural experience. This would be an essential policy tool.

Meanwhile, a minuscule percentage of the 30 per cent of white farming land targeted for redistribution to black farmers has yet been transferred. Slow and inaccessible bureaucracy with inappropriate aims and regulations is a major obstacle. There have also been many examples of enterprise failure in farms that have been transferred. Governments' efforts to turn the situation around involve finding a way to speed up land transfers to emergent black farmers; adapting the finance system so that finance is available to intended beneficiaries;

and development of a comprehensive agriculture support programme which not only mentors and educates farmers but helps link them to markets for produce.

At present, Ruth Hall's paper argues, this is intervention at the edges of the problem. She shows convincingly how the forms of land use characteristic of land reform such as *xx* and the patterns of ownership which force emerging farmers into unstable collectives rather than the household-based production they are used to, simply entrench existing problems and make the outcomes around poverty reduction and livelihood enhancement more difficult than ever to achieve.

She argues for a wider program of agrarian reform based on the needs and capabilities of the people on the land as much as on the land itself. She suggests a solution that will include more smallholder agriculture, in the belief that this will deal with the urgent and pressing poverty issue in the short term. Over time it should have an impact on land redistribution and black empowerment as a new class of black farmers acquires skills and confidence. And ultimately this will allow for South Africa agribusiness and big farming to be less of an all-white monopoly.

Land reform is itself one aspect of government's agricultural policy, which has three main drivers:

- To build a viable agricultural sector in the country as a whole that is internationally competitive and where productivity and efficiency are able continuously to improve.
- To transfer farming land to black owners. The aim is to undo the effects of three and a half centuries of colonial, segregationist and apartheid policies which led to whites owning the greatest areas of arable land in South Africa.
- To make sure that the agricultural sector contributes to the eradication of poverty in the rural areas by providing employment, food security and living spaces for the 44 per cent of South Africans who live outside built-up areas.

These objectives are in obvious tension with one another. Internationally competitive agribusiness often relies on mechanization, larger units and highly intensive, skilled management. And emerging black farmers do not have access to the capital and often the expertise needed to operate successfully in this area. Where pressure to redistribute land is strongest, this can limit the ability of the sector to provide national food security in the medium term.

As regards poverty, the bulk of evidence suggests that agriculture as practiced and supported now has less of an ability to provide adequate livelihoods than in the past.

Income poverty and inequality scorecard

Transformation goal						
Reduced income poverty and inequality						
Desired outcome	Indicator	Status 1990–1994	Status 2005	Status 2006	Status 2007	Positive development
Reducing income poverty	Percentage of the population below the poverty line ¹	50.3% (Ave. 1992 and 1993)	47.6% (2003)	46.9% (2004)	45.5% ³ (2005)	↑
Creating wealth	Percentage of the population above an 'affluence' line ²	9.2% (Ave. 1992 and 1993)	9.7% (2003)	9.8% (2004)	9.6% (2005)	↓
Reducing inequality	African per capita income as a percentage of white per capita income	10.2% (Ave. 1992 and 1993)	11.8% (2003)	11.9% (2004)	13.0% (2005)	↑
	Income of female-headed households as a percentage of male-headed households	49.3% (1998)	43.9% (2003)	47.9% (2004)	46.2% (2005)	↓
	Gini coefficient for overall SA population	0.55 (Ave. 1992 and 1993)	0.61 (2003)	0.60 (2004)	0.62% (2005)	↓
	Gini coefficient for African population	0.67 (Ave. 1992 and 1993)	0.69 (2003)	0.68 (2004)	0.68 (2005)	↔

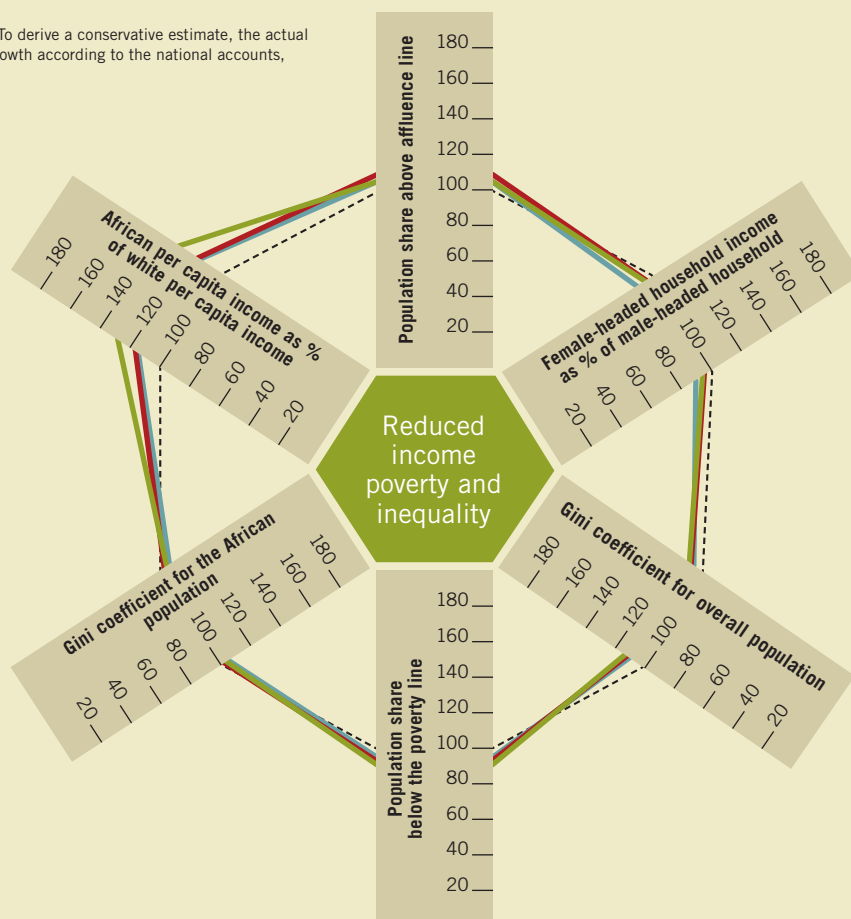
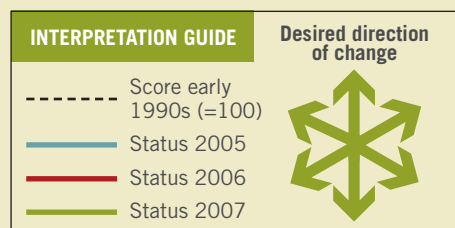
Source: Calculations by S van der Berg, M Louw and D Yu using All Media Products Survey (AMPS) data

1. R3 000 per person per year in 2000 rands

2. R25 000 per person per year in 2000 rands

3. AMPS2005 shows a sharp increase in total income in 2004. To derive a conservative estimate, the actual income increase was adjusted downwards to be in line with growth according to the national accounts, before poverty and affluence rates were calculated.

The Income Poverty and Inequality Scorecard and Star provide a snapshot impression of changes in key indicators of poverty and inequality. This scorecard has again been updated using non-Census data, namely the two annual sources of information on income poverty, the October Household Survey (OHS) and the All Media Products Survey (AMPS). The structure of the latter provides more disaggregated data for the higher income groups. While these surveys are less reliable than Census data in providing an accurate picture of levels of income poverty, they still provide useful information about the direction and rate of change in levels of poverty in the period between censuses.



Access poverty scorecard

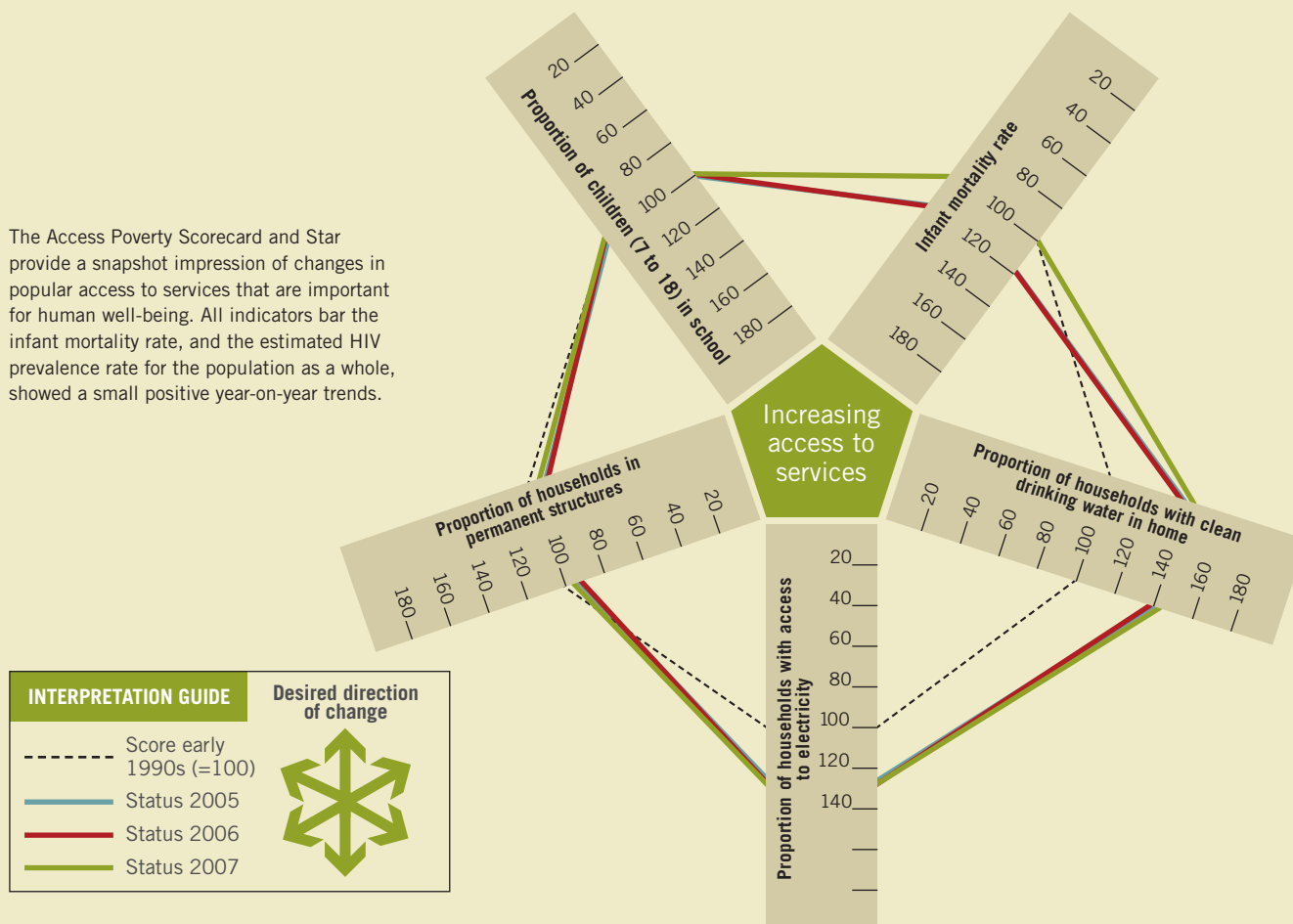
Transformation goal						
Reduced poverty through better access to services						
Desired outcome	Indicator	Status 1995	Status 2005	Status 2006	Status 2007	Positive development
Reduced access poverty	Percentage of households living in a permanent structure ¹	77.6%	74.0% (2003)	73.6% (2004)	74.2% (2006)	↑
	Percentage of households with access to electricity ¹	62.9%	78.5% (2003)	80.5% (2004)	80.2% (2006)	↔
	Percentage of households with access to clean drinking water in the home ¹	48.9%	68.3% (2003)	67.8% (2004)	69.9% (2006)	↑
Reduced education poverty	Percentage of children 7 to 18 in school ¹	95.3%	93.5% (2003)	94.3% (2004)	94.1% (2006)	↔
Reduced health poverty	Infant mortality rate ²	45 (1990)	53.6 (2005)	53.6 (2005)	45.2 (2006)	↑
	Estimated HIV prevalence rate for population ³		10.4% (2005)	10.9% (2006)	11.1% (2007)	↓

1. Sources: Stats SA, *October Household Survey* 1995; *General Household Survey* 2005, 2006

2. Sources: 1990 from *UNDP Human Development Index* (1990); 2005 & 2007 from Stats SA, *Statistical Release P0302 Mid-year Estimates* <www.statssa.gov.za> (no figure available for 2006)

3. Sources: Stats SA, *Statistical Release P0302 Mid-year Estimates* <www.statssa.gov.za>

The Access Poverty Scorecard and Star provide a snapshot impression of changes in popular access to services that are important for human well-being. All indicators bar the infant mortality rate, and the estimated HIV prevalence rate for the population as a whole, showed a small positive year-on-year trends.





briefing

SOUTH AFRICA'S LAND REFORM PROGRAMMES

Tim O'Shea

In 1994, some 60 000 white farmers owned over 80 per cent of privately owned farming land in South Africa, including much of the best arable land. At the same time, over twelve million black people were restricted to the impoverished and under-resourced former homelands, where rights to land were often unclear or contested, and the system of land administration was in disarray. While white-owned farming enterprises produced over 90 per cent of agricultural output, some 500 000 families in the former homelands produced about 5 per cent (Moyo 2007).

The land reform programme aims to deal with one of the most egregious injustices of South African history and with an area where transformation remains particularly important because of its visibility.

Progress has been slow and halting. Government set a target of redistributing 30 per cent of white-owned agricultural land by 2014 – approximately 34 million hectares. In November 2007, Minister for Agriculture and Land Affairs, Ms Lulu Xingwana, said that: 'Looking at the progress to date, we have managed to redistribute a very miniscule percentage of this target' (Xingwana 2007a). 4.3 per cent is the figure given by government (Johwa 2007).

In short, the land reform programme has not delivered.

In line with section 2 of the Constitution, the programme comprises three initiatives – land redistribution, restitution, and tenure rights reform. These programmes seek to empower the previously disenfranchised by giving them the means to acquire land; by compensating black people for land taken from them since 1913; and by securing legal rights to land. Thus far, the central difficulty appears to be not the availability of land, but that in each of the three programme areas, solutions and settlements are stuck or moving very slowly through the system.

Reasons for this include the many cumbersome rules that suspend land and beneficiaries in bureaucratic processes for years, and make access to effective support rare. Also, the meshing of responsibilities between the departments of Agriculture and of Land Affairs, and between national and

provincial departments of land affairs, is partial and often another impediment to effective implementation. A substantial aspect of the problem is institutional, administrative and regulatory.

LAND REDISTRIBUTION

The land redistribution programme helps black buyers to purchase white-owned farms. The programme is currently largely guided by the 'willing buyer – willing seller' principle. White farmers who choose to sell their land through the programme do so on the open market and receive the full market price. When a white farmer puts land on the market, a private-buyer group identifies it, and approaches the state for assistance in acquiring it. In ideal circumstances, the state helps with the land use plans and business models for these developing farms, and offers funding mechanisms to close promising deals.

The chief financial instrument of this programme is the Land Redistribution for Agricultural Development grant (LRAD). LRAD is not means tested, and offers participants grants ranging from R20 000 to R100 000, based on the level of their own contribution. The maximum grant requires an own contribution of R400 000.

Four problems emerge:

- Land prices in South Africa are generally high and, even with a grant, it is hard to earn a return once the land has been purchased and put to use.
- Long-standing legislation limits the ability to subdivide agricultural land. This was designed by the previous government to prevent farms being subdivided into units that could not support the relatively high standard of living enjoyed by a white farmer. Today it stops farmers selling of parts of their land to black small holders. It also prevents the new black owners of a redistributed farm from subdividing it themselves. (The same restriction does not apply to restituted land).
- Several people often have to club together to raise the funds to purchase land – this complicates the application process and it also easily leads to disputes on responsibilities in running the joint venture after transfer.
- The land acquisition procedures are bedevilled by administrative and legal hurdles that require time and resources that are beyond the reach of many possible beneficiaries. Each form submitted must be approved, business plans must be developed, and funds must be secured. Given the current inefficiency of the public

service, particularly at the provincial level, this process is subject to long delays.

By December 2004, 1.7 million hectares of land, making up roughly 2 per cent of commercial agricultural land, had been redistributed. 772 660 hectares of state land, largely for agricultural purposes, had also been delivered. Together, these two figures equaled 3.1 per cent of commercial agricultural land. A large proportion of land delivered was in the dry Northern Cape. Between 2001 and 2005, a total of 19 736 new black farmers were resettled through LRAD. It is not difficult to see why levels of popular frustration are rising.

LAND RESTITUTION

Land redistribution addresses the injustices of the past by making land for farming more accessible to black South Africans as a group. Restitution looks to cases where black people were forced off specific sites. As the Constitution states: 'A person or community dispossessed of property after 19 June 1913 as a result of past racially discriminatory laws or practices is entitled... either to restitution of that property or to equitable redress'. Much of this land is in urban areas, but it also includes land removed from the victims of homeland consolidation or of state 'betterment' planning in the homelands (Hall 2007a). Claimants file a motion with the Land Claims Court, explaining their circumstances and seeking redress.

Like redistribution, restitution suffers service-delivery challenges, and progress has been slow and uneven. This problem is exacerbated in rural areas where land might support agricultural production. Often, land is hotly contested by several parties, each with competing claims bolstered by tribal authority.

Implementation swiftly increased when the Land Claims Court began allowing administrative, out of court settlements (van der Brink et al. 2007), but this tool entrenched the court's practice of settling claims by paying compensation in cash rather than by transferring land. Urban claim settlements also greatly outnumber those in rural areas. Of over 62 000 claims settled by June 2005, a Programme for Land and Agrarian Studies (PLAAS) study found that only 185 were rural cases where claimants regained the land in question (Hall 2007a).

In February 2005, the target date for settling all restitution claims was moved from 2005 to the end of the 2007/08 financial year. At the same time, the restitution budget was increased to R9.9 billion for the three years up to 2007/08.

Although this is a significant increase, the total still falls more than R3 billion short of the estimate of the R13 billion actually needed according to the Minister of Land Affairs (CDE 2005: 11–12).

SECURING TENURE RIGHTS

Many farm workers and their families have lived on white farms for generations, without acquiring any rights. The Extension of Security of Tenure Act (ESTA) of 1997, aimed to prevent evictions of vulnerable people, including many farm dwellers, by regulating forcible removals or making them illegal. Unfortunately, illegal evictions continue, and the law has become a tool for regulating evictions rather than for protecting tenants (Hall 2007a), or for clearing the way for farm workers to get land to farm in their own right.

In the former homelands, great swathes of arable land are effectively sterilised from full economic use by the prevailing systems of communal land tenure. These prevent property markets from emerging as traditional authorities, protected by increased powers since 1994, rely on their control of the land for their influence. The intractable problems of dealing with communal tenure have stood in the way of this land being farmed more productively and becoming a new base for commercial agriculture.

In existence for over thirteen years, the land reform programme has fallen far short of its aims of creating an environment in which a new class of black commercial farmers could emerge. It has failed to transfer much farming land from white to black ownership. Where transfers have taken place, the lack of co-ordination between the departments of Land Affairs and Agriculture and the weakening support capacity in the provinces, have often been a factor in the failure of the new farming ventures. Restitution claims have more commonly been settled by cash compensation than by land transfer.

STATE PROGRAMMES

The laws and state programmes that surround land reform and embody government's agricultural policy are complex and overlapping. Policies and programmes are continually revised, renamed and re-introduced. This is a response to the lack of progress with land reform, but it also reflects the lack of an overall policy to guide agrarian reform in SA. The responses create confusion and uncertainty. They also fail to address the underlying problems of the capacity and capability of national and provincial departments and of municipalities.

The Communal Property Association (CPA) was introduced into law in 1996 to allow for groups to create a legal entity for the ownership of land (CPA Act 1996). Intended to assist farming development in rural areas where communal ownership of land is the norm, the CPAs or trusts have been used by groups of farmers to pool their resources to acquire land using several LRAD grants. Groups are often of large and unwieldy because the LRAD grants are small. Group members are often unaware of their ownership rights, or their membership responsibilities. As a result, participation is uneven and production suffers. Worse, the group typically exhausts its resources acquiring land, and is left with little or no liquidity to support agricultural development or even maintain the assets it does acquire.

The area-based planning (ABP) model was adopted by the Department of Land Affairs in 2006 as a new approach to planning land reform (Hall 2007b). Plans are to be drawn up for each district in the country, specifying which land should be acquired for redistribution, what kinds of farming and

other activities are to be supported, and for whom. These plans are to be aligned with spatial development plans at local government level, and will form part of municipal integrated development plans (IDPs). For each district, consultants have been or are to be appointed to develop these plans, including a situational analysis, a vision and strategy, identification of projects, integration and prioritisation of plans, and approval.

ABP involves evaluating land and related resources (what is it good for?), but also requires the determination of land use (how should it be used?). This is a somewhat different question that requires consideration not only of physical resources, but of economic objectives. This is far from being a technical exercise; it represents a political choice. In the absence of national-level guidelines for agrarian reform and when not well informed about the possible economic and social outcomes of various possible uses, area-based planning is likely to create as many problems as it solves.

The Comprehensive Agriculture Support Programme



(CASP), launched in August 2004 is government's flagship agricultural support programme. Unfortunately, CASP has been only partially implemented and its future form is under review following government's announcement that its 'fragmented' farmer support programmes are to be aligned in a 'one-stop service arrangement' (Xingwana 2007b). This will package together the finance available from Microagricultural Financial Institutions of South Africa (MAFISA) along with LRAD grants, CASP and projects under AgriBEE (the Sector Transformation Charter for the agriculture sector).

The CASP programme, rests on six pillars: information; technical advice; training and capacity building; marketing and business development; on- and off-farm infrastructure; and finance.

CASP aims to direct aid to struggling farmers, including emerging land-reform beneficiaries and other subsistence or household farmers (DoA 2005a). Seventy per cent of its budget is directed towards LRAD beneficiaries. But CASP has

found it difficult to deliver on all the pillars simultaneously. In several cases, it has provided on-farm infrastructure to a limited cohort, without providing the training or mainstream access necessary to maximise returns on this investment. As in other areas, CASP implementation is uneven, depending on the capacity of provincial offices.

Several funding mechanisms designed to provide low cost loans to emerging farmers complement the CASP offerings. A range of state, regional, and parastatal organisations as well as commercial banks are active here, but the terms of financing arrangements are often very unfavourable, with high interest rates and no opportunity to defer repayment in the early years of operation when liquidity is tightest. The national development finance system for agriculture is presently under review. State institutions include the very troubled national Land Bank, MAFISA a national initiative which is administered by the Land Bank, the regional bank Uvimba, and Khula Enterprise Limited.



research

LAND REFORM AND POVERTY ERADICATION: IN SEARCH OF SOLID GROUND

Ruth Hall

Land reform in formerly white South Africa has three aspects: the restitution of land to claimants dispossessed of land since 1913; the redistribution of farm land to black people who want to farm; and tenure reform, whereby farm workers and people living in communal areas can secure or upgrade their rights to land. All three processes contribute to the national target of distributing at least 30 per cent of formerly white-owned farmland to black people by 2014.

Land reform is thus a political project.

This article looks at the economic rationale behind redistributive land reform in South Africa. Its focus is on the aim expressed a decade ago, in the *White Paper on South African Land Policy*, that redistributing access to and ownership of land to previously, and currently, disadvantaged South Africans should 'reduce poverty and contribute to economic growth' (DLA 1997). This policy notes that:

Land reform aims to contribute to economic development, both by giving households the opportunity to engage in productive land use and by increasing employment opportunities through encouraging greater investment. We envisage a land reform which results in a rural landscape consisting of small, medium and large farms; one which promotes both equity and efficiency through a combined agrarian and industrial strategy in which land reform is a spark to the engine of growth (DLA 1997).

If land reform is to be a catalyst to structural changes in society and the economy, then it needs to change patterns of investment (capital), productive land use (land) and employment (labour) – in other words, to change the mix of factors of production and to restructure farming systems. Where land is redistributed through land reform, agriculture is the dominant, but not the only, land use. However, land reform policy has not, until now, envisaged *what kinds of land uses are to be promoted* through the process of reform, and therefore what kind of change in production, markets and

settlement patterns is being pursued, alongside the deracialisation of ownership. This is the product of the longstanding failure to locate land reform within a wider framework of agrarian reform.

The growing debate on policy options for the future of land reform have instead focused on the question of *how to get the land*, either through stimulating the supply of land onto the land market, or directly acquiring specific land through negotiation or expropriation. The recent adoption of area-based planning (ABP) potentially provides a basis to decide *who gets what land*, and for what purpose, by assessing and prioritising different land needs, but itself is taking place in the absence of national-level guidelines or priorities for the future of agriculture.

While land reform policy has had little to say about the types of land use to be promoted, and whether these should differ from existing patterns in the commercial farming sector, this is now increasingly recognised as a crucial gap and an area in which new policy is needed. The report on economic transformation from the ANC's National Policy Conference in June 2007 affirmed its commitment to:

a comprehensive and clear rural development strategy, which builds the potential for rural sustainable livelihoods, particularly for African women, as part of an overarching vision of rural development. *Strong* interventions in the private land market, combined with better use of state land for social and economic objectives, must *transform the patterns of land ownership and production*, with a view to restructuring and deracialising the agricultural sector. Our aim remains a fundamental redistribution of land ownership, and *a thorough transformation of land use patterns in a manner that balances social and economic needs of society* (ANC 2007: 2 – emphasis added).

This article explores land use and land-based livelihoods. Rather than dealing with how land is to be acquired, or the rights that those benefiting should have to the land, it concentrates on the question of *what land reform is for*, focusing on the material change it is to bring, while acknowledging the important symbolic functions it performs. The article deals exclusively with the use of redistributed agricultural land, and therefore does not address the use of land in the communal areas – though patterns of land use in these areas provide an indication of the types of land use familiar to poor people producing under constrained conditions (Aliber et al. 2007).

The core questions to be addressed are:

- What is the range of models of land use and production adopted in a context of land reform?
- What is known about their outcomes in terms of land-based livelihoods?
- What forms of support are new/poor farmers able to access in their efforts to make a success of farming on redistributed land?

PATTERNS OF LAND USE IN LAND REFORM

Where land is transferred in full ownership, beneficiaries have a capital asset. But it is the use of this land, the consumption and sale of its produce, which is to bring about direct benefits to beneficiaries. So how is land being used in land reform projects, how is land use organised, and is it having this effect? Different models of organising land use have arisen due to a combination of factors: the land reform programme involved, the purpose of land acquisition and the number of project members. Each is characterised by different patterns of land use and different social arrangements of production. However, land reform projects to date may be broadly categorised into four main types:

- *Large groups obtaining farms and farming collectively as a single commercial entity.* This pattern is now discouraged, but nevertheless remains dominant in both restitution (due to community claims) and in redistribution (due to the grant structure);
- *Large groups obtaining farms and farming individually or in smaller groups.* This pattern has emerged by design but also by default, when group-based production has collapsed;
- *Individuals or small groups obtaining large farms and farming them as one commercial entity.* This is possible only with (a) substantial capital contributions and/or (b) high levels of initial debt, but is in practice accessible to a small proportion of applicants who are better off. This pattern is now encouraged.
- *Joint ventures between land-reform beneficiaries and private sector or state institutions,* such as strategic partnerships, equity schemes and contract farming. This is now encouraged.

These quite limited options result from a combination of the market-based framework, the reliance on grants that are small compared to the price of farmland, the failure to confront the structure of farm-size holdings in the

commercial farming areas through subdivision, and the emphasis in planning on the need to maintain production on commercial farms.

A national database of land-reform projects – indicating in each case the project type, location, size, land and other costs, and membership – is maintained by the Department of Labour and Agriculture (DLA) but is not available for public scrutiny. Instead, summary cumulative data indicate only the hectares transferred for each project type (DLA 2007a) or, in the case of the DLA's annual report, data per province for a given financial year (DLA 2007b). For this reason, it is not possible to link national data to the typology above in order to determine the relative dominance of each project type. Nor is it possible to determine the geographical spread of different types of projects.

Group-based ownership and production

Group-based projects are the dominant model in land reform to date. Typically, they involve attempts at collective production on large farming units, usually coterminous with the previous boundaries of commercial farms, and often replicating the pre-existing forms of land use (Lahiff 2007). These projects are typical of community restitution claims, as well as redistribution projects. Group-based ownership, management and production involve a great variation of sizes of groups, ranging from a few families to large projects involving hundreds or even thousands of households. The largest projects are within community restitution claims, with some projects involving as many as 1 000 households or 6 000 beneficiaries (CRLR 2004).

Large groups of poor people attempting group production, with minimal external support and limited capital beyond the balance of land acquisition grants, were widely blamed for the problems encountered in Settlement/Land Acquisition Grant (SLAG) projects (MALA 2000). To accumulate sufficient grant finance to purchase whole farms, applicants galvanised large groups – some of whom may have had little intention to live on or use the land but remained often passive members of communal property associations (CPAs) or other legal entities. This 'rent-a-crowd' syndrome as it became known was considered a key failing of the first phase of land reform, though arguably under-utilisation of land and limited livelihood benefits did not only emanate from group dynamics (Hall and Williams 2003, MALA 2000). Despite the redesign of the grant formula through the Land Redistribution for Agricultural Development (LRAD) programme, provision of grants on an individual rather than household basis, and the possibility of leveraging higher grants with own contributions and

loans, group-based projects – sometimes with smaller membership than before – have continued to be the dominant model under LRAD since its inception in 2001 (Jacobs et al. 2003, MALA 2005). The availability of grants on an individual basis has limited the need for pooling of grants, and thus enabled smaller project sizes, though this has been offset by the failure to index the grant to an inflationary index; while land prices have risen, the level of grants has remained the same (and thus, in real terms, has declined over time) (MALA 2005: 20–21).

Group projects, then, remain typical within the LRAD programme, despite attempts to limit the group size (Jacobs et al. 2003). Group-based projects frequently involve not only joint ownership of the land but also the pooling of assets and labour, and even extend to herds of cattle belonging to the CPA, often alongside cattle owned by individual members. For instance, at Dikgolo and Monyamane projects in Limpopo, no provision was made for the livestock already belonging to project members. Instead, the commercial land use plan required that beneficiaries use their grant funding to build up commercial beef herds (PLAAS 2007).

Group-based land reform has been characterised by its critics as the ‘extension of the bantustans’. However, land-reform projects where land is collectively farmed are quite different from the communal areas. Land use in communal areas is communal rather than collective, in that while land and other resources may be held in common and managed on a group basis, production is typically household-based (Andrew et al. 2003, Shackleton et al. 2002). The household is usually the unit of production, rather than ‘the community’ (Andrew et al. 2003). This must be contrasted with communal property associations (CPAs) and other legal entities established through land reform, where not only administration and management of land, but also production, is communalised (CSIR 2004). Many, and almost certainly the majority, of land-reform projects are therefore envisaged as production collectives (Lahiff 2007). A review of LRAD in 2003 proposed instead a variety of ‘production models’ and argued that attempts to create ‘instant successful replicas of white commercial farmers’ had been the cause of disappointing outcomes of land reform (MALA 2005: 16).

This tendency often sets participants up for failure. Beneficiaries typically do not have the necessary working capital, or the financial skills to manage large commercial type enterprises. Moreover, it would not be efficient for them to continue the highly capital intensive mode of production of white commercial farmers (MALA 2005: 12).

Despite this criticism, policy is not clear on what alternative types of production would be preferable to the current group-based attempts at commercial production and how land policies and implementation mechanisms would in practice promote such alternatives.

Group-based ownership with household production

Land-reform projects involving group ownership and management but family-based production are a less common pattern. This is sometimes by design: some projects are based on independent use of parcels of a larger property. But it is also a default arrangement that emerges when group-based projects fall apart, rather than as part of the project design. Not surprisingly, ambitious plans to engage jointly in production have sometimes failed to get off the ground where these were premised on the availability of infrastructure, capital and training that did not materialise.

Conflict may itself be fuelled by the non-realisation of project plans and subsequent competition over resources, and informal subdivision of land may take place if attempts at group production failed. In these cases, individual members of CPAs have allocated themselves parcels of land within a group-based project, on which they pursue household-based production on land owned by a legal entity like a CPA. An example is Makana CPA that acquired a portion of the farm Gletwyn, outside Grahamstown, where the failure to realise the plans of the CPA, including poultry production and a piggery, led members to demarcate plots for themselves where, without any external support, three families built their own homes and started to cultivate vegetables for their own consumption (Hall 2004a).

However, some projects have been designed specifically to establish individual or household-based production on parcels within a larger property that is jointly owned by a legal entity. A key benefit of household-based production within land owned by a group is averting group conflicts over contributions towards collective production and the distribution of benefits (in kind or cash) from the harvest, as evident in the case of the Haarlem honeybush project (see box on the next page). However, there are disadvantages to the model: group ownership prevents members from accessing credit if land is required as collateral they may struggle to acquire resources and infrastructure for marketing; and the individualisation of production may mean less potential for group solidarity.

Hybrid arrangements that combine some group and some individual production have also emerged. Most commonly, where land use involves household-based cultivation of arable plots, grazing land may be jointly used and managed

ERICAVILLE AND HAARLEM HONEYBUSH GROWERS

The Ericaville Honeybush Growers project outside Plettenberg Bay consists of 84 families organised in a Trust, which acquired 40 hectares with SLAG grants for the production of honeybush tea in 2001. In contrast, the honeybush project at Haarlem, consisting of 40 members each managing one hectare, was established nearby in Langkloof in 2000 on land rented from the Eden Municipality. Here, in an area with 70 per cent unemployment people farm mostly part-time. The two group-based projects were therefore very differently structured: one as a whole-farm collective enterprise and the other as household-based production with cooperative relations and joint land ownership. While both projects were heavily dependent on NGO support, the

project at Haarlem was initially more successful, with less group-based conflict. The Haarlem group of farmers harvests individually and supply wet honeybush to a processor as a collective. At Ericaville, extension of the project into value-adding to wet honeybush, through their own processing and packaging plant established with CASP funds, enabled them to market their produce and fetch far higher prices, and so to pay out small dividends each year to members, while also maintaining capital for operating costs and maintenance. Both make a substantial contribution to livelihoods and, while Ericaville is the more commercial project, it is not yet clear which is making a greater difference in beneficiaries' livelihoods.

Source: Kleinbooi 2007a

by members – thus mirroring the types of land use and tenure arrangements in communal areas (Andrew et al. 2003). Such situations may be complicated by the unequal ownership of livestock among members, and therefore the potential for better-off project members to dominate use of this common resource and also by the purchase of jointly owned livestock ('CPA cattle') with the balance of grant funding – meaning that common grazing land is used by a combination of individually owned livestock, of varying numbers, and jointly owned livestock (CSIR 2004).

In group-based projects, a combination of commodity production and production for own consumption is a common pattern – whether part of the original plan or not. Production of crops for sale is more common as a group-based enterprise, while production of food for consumption is usually done separately by households (Andrew et al. 2003). It is precisely the exclusion of the latter activity from business plans that leads to deviation from planned land use, as project members find that they do not derive immediate benefits from contributing labour and resources to group production (CSIR 2004). Compared to collective operation of commercial farms, this is a low-risk strategy that allows poor people to produce for markets, but also to consume their produce, in the absence of other sources of income or if prices are too low.

Individual or household-based projects

Individual or household-based projects are less common in land reform and have the advantage of minimising or

avoiding the risk of group-based conflicts. These have emerged where claimants (in restitution) have family-based claims, but also, more notably, in redistribution where applicants are better-off and able to make substantial contributions of cash, loans and assets in order to leverage larger grants, minimising the need to expand the applicant group to make up the purchase price and related costs.

This model has been actively promoted through LRAD, as provincial offices of the DLA adopted maximum project sizes, often aiming for no more than 15 members per project (Jacobs et al. 2003). The small sizes of grants mean that this type of project is only possible where applicants have substantial resources from non-farm activities (MALA 2005). Case studies of LRAD projects suggest that these projects typically involve people with urban-based incomes, usually from their own businesses rather than from full-time employment, and therefore do not always live on-farm (Hall 2004a, Inkezo Land Company 2006a, 2006b).

Projects for *individuals* are rare, if in fact they exist at all. This study could identify only small group projects in which all members are related to one another – often members of an extended family all of whom apply for LRAD grants and, depending on their available resources to contribute, are able to leverage higher grants. Even for the better-off, the grant system creates a strong incentive to crowd in a number of other applicants, even if they will not be actively involved in the project, in order to reduce the ratio of grant-to-own-capital (and loans). There is no reason, for instance, why an applicant would contribute more than R400 000 in own

capital to leverage a R100 000 LRAD grant, when adding a further name to the application would bring a further grant from the state. In the sugar-cane growing area of Amatikulu in KwaZulu-Natal, for instance, seven members of a family bought a sugar cane farm to supply the local mill, on the basis of two existing family businesses from which they would be able to draw income for loan repayments. They were able to apply for a total of R620 000 in LRAD grant funding and R1.95 million in loans from a commercial bank, on the basis of R480 000 of their own capital and assets (Inkezo Land Company 2006a).

A second scenario in which family-based projects have been supported is in the context of state land disposal, particularly where land acquired by the South African Development Trust (SADT) for homeland consolidation was made available to black farmers under various tenure terms, and now, in the context of land reform, is being transferred to them. Because the land is not to be bought, there is not the pressure to crowd in people. As Wegerif (2004) has shown, some of these tenure upgrades for existing black farmers are being packaged as LRAD projects in Limpopo. Similarly, in the Free State, state land near the former 'Bantustan' of QwaQwa involved 147 leases to black farmers (Aliber et al. 2006).

Unplanned land uses

Despite the requirement of business and land-use planning prior to project approval, *unplanned* land uses are widespread in land reform, both as a result of deviation from business plans and also where non-members have settled on redistributed land. The gap between plans and what happens suggests either that plans were unrealistic to start with, or

The failure of 'development' to materialise in the form of housing and infrastructure, and delays in the disbursal of funds for implements and other production inputs, is a major reason for people to engage in unplanned uses of land.

not what beneficiaries wanted. A review of business plans suggests that much planning for land use is premised on (a) what the pre-existing use was and (b) what the land is good for, that is, planning for the land, rather than planning for the people involved.

Unplanned land use is often the reason for non-disbursement of grant funding. Unplanned uses, particularly settlement, on the land, that contradicts the prescriptions of business plans, lead relevant authorities – the Commission, the DLA, the Department of Agriculture, and municipalities – to disengage, since they consider that they cannot fund activities that have not been planned. However, the failure of 'development' to materialise in the form of housing and infrastructure, and delays in the disbursal of funds for implements and other production inputs, is a major reason for people to engage in unplanned uses of land.

For instance, planned settlement and agricultural activities were halted at the Mavungeni restitution project in Limpopo where, after delays in disbursement of funds, substantial unplanned settlement on the land (including by non-members) pre-empted these plans, with the result that allocated funds were not disbursed to the claimants for

LAND OCCUPATION AND USE AT MAHLAHLUVANI

Pending negotiations between the Commission and the owners of the various portions of the 3 000 hectare farm (including a private tea estate) in 1996, claimants moved onto their land which, besides some forestry, was not being used, and started to cultivate. More than ten years later, 43 farmers (of whom half are women) are cultivating plots of 3 hectares or less per household, as far as possible marking out plots that coincide with the boundaries of their families' former homesteads and fields. They produce field crops and vegetables and have established fruit orchards without any external support or regulation, providing a substantial portion of their household food needs, as well as selling off small quantities of maize and other produce locally, including

to the local mill in exchange for meal. By 2006 almost all these families were able to meet their household maize consumption needs from their own production and to sell the surplus, and could meet their household requirements for vegetables for up to ten months in the year – an impressive achievement compared to many formally planned projects. Despite opposition from wealthier members of the community claim group, who are impatient to see the claim settled and a commercial project put in place, these households continue to occupy and use this land, an activity that has apparently stalled all formal processes.

Sources: PLAAS 2007, Wegerif 2004

planned activities (Manenzhe 2007). Not far away, at Dikgolo, production on household plots for rain-fed vegetable and grain production was relatively successful despite members having to commute to and from their land from a neighbouring communal area, but group dynamics resulted in the failure of the communal cultivated plot. As nearly half of the project members ceased to be involved, group-based activities were downscaled while household-level production was maintained (PLAAS 2007).

Another category of unplanned land use is land occupations, including instances where claimants, impatient at the pace of land reform, have occupied land they claim is rightfully theirs. At Mahlahluvani in Limpopo, for instance, restitution claimants occupied unused portions of the land on which they have a pending claim that straddles the old 'Bantustan' border of Venda (see box on the previous page). This case demonstrates the potential benefits of access to land for food production by poor households even where there is no planning and even in the absence of any external support. Because claimants are using the land before the claim is settled, formal planning has been stymied.

Commenting more broadly on land reform, where plans for commercial whole-farm solutions have *not* been adopted, or have failed, Andrew et al. (2003: 17) observe that:

The use of newly acquired or restored land by resource-poor land-reform beneficiaries tends to follow very conventional uses [similar to those] amongst resource-poor people in communal areas. These land uses include individual residential sites, communal grazing for individually or collectively owned livestock, small-scale low input cultivation for self provisioning (and sometimes small amounts of income), and the use of natural resources for basic household needs... Households do not subsist off these land-based livelihood strategies, but use them to supplement off-farm incomes.

Joint ventures, strategic partnerships and co-management

Joint ventures in the context of land reform in South Africa involve partnerships between black people acquiring land or land-reform grants and commercial farmers, private companies or state institutions. These have emerged because of the barriers to acquiring land at market price, but also in response to the chronic shortage of operating capital faced by new land owners. They are particularly dominant in sectors where production is capital-intensive and in areas where land prices are high, such as the Western Cape where

equity schemes have emerged as a dominant project type (Knight and Lyne 2004, Tom 2006). In the context of restitution projects where large tracts of high-value and intensively farmed land is restored to the original owners who are poor, there is a need for very substantial ongoing state support or, in the absence of this, either to change land use to reduce input costs (which has been discouraged) or to partner with private-sector actors who can contribute capital and expertise (Derman et al. 2006, Mayson 2003).

Mayson (2003) identifies five broad types of joint ventures in land reform in South Africa, each of which involves partnerships between land reform beneficiaries and either state or private entities. These are (a) contract or out-grower schemes; (b) share-equity schemes involving farm workers; (c) municipal commonage schemes; (d) share-produce or sharecropping schemes; and (e) company-supported schemes. These various models are largely the outcome of the existing structure and technologies of production, and the perceived need to find ways for land-reform beneficiaries to fit into existing types of production – as shareholders, as workers or, in the case of contract farming, as small-scale suppliers to larger industries.

Typically, joint ventures involve highly asymmetrical relations of social and economic power, and hinge on often complex arrangements that detail how costs, risks, income and benefits (often in the form of employment) are to be shared.

Proponents of [joint ventures] argue that they contribute to the transformation of the countryside by providing poor black people with a pragmatic option for engaging in agriculture, particularly commercial agriculture. Critics argue that [joint ventures] are a new form of exploitation, a mechanism through which white commercial farmers and corporations are able to spread the risk of engaging in an increasingly complex and capital-intensive sector, while gaining market and political credibility in the process (Mayson 2003: 1).

Controversies also arise from disputes over whether joint ventures contribute towards the objectives of land reform by, among others, providing secure tenure rights to beneficiaries and providing independent access to capital. While commonage users may have secure use-rights to graze their livestock, for instance, farm workers who are shareholders through equity schemes may not be assured either of continued employment or even of their tenure – and so may still lose their jobs and homes on the farms in which they hold shares (Mayson 2003). High-risk and high-

CONTRACT FARMING AND THE SUGAR INDUSTRY

There has been substantial growth in the proportion of South Africa's sugar crop being produced by small growers, particularly through contract farming arrangements in communal areas. This now constitutes about 14 per cent of the national cane crop, and about 15 per cent is still produced by the milling companies, dominated by Illovo Sugar Limited and the Tongaat-Hulett Group, which over time are downscaling their involvement in primary production. The first LRAD project, at Nkomazi in Mpumalanga, is a relatively rare example where large commercial sugar estates were divided into 7 hectare plots for smallholders to supply the Komati Mill. Sharecropping is being piloted at Mtunzini in KwaZulu-Natal, and a development trust established by the industry partners with

the Department of Agriculture in research and development, and extension services. This externalisation process assures future supply of raw material, and enables the milling companies to maximize downstream benefits, while also providing essential production support to the growers. Inkezo Sugar Company, established by the sugar industry in 2004, is now playing a role in transferring freehold land to black growers – both smallholders and medium-sized (70-100 hectares) farms, drawing on government land reform funding, and brokering loan agreements. Its target is to ensure the transfer of 78 000 hectares, to bring the total freehold cane land owned by blacks to more than 110 000, but by 2007 just five farms had been transferred.

Source: Kleinbooi 2007b

cost farming seldom declares profits, and members may have little say over the proportion which should be reinvested in production, and prefer short-term cash benefits to long-term investment – resulting in opposing interests among the shareholders (Tom 2006). And, because of ways in which gender inequalities structure employment and tenure relations on farms, women may not be able to opt for alternatives to equity schemes, or to control the resources that emanate. Further, until the recent emergence of 'strategic partnerships', many joint ventures did not detail specific plans to hand over control of operations to beneficiaries over time.

Contract farming is an important model for smallholder production as it provides a means of bringing private-sector support to resource-poor producers, in the form of access to input, credit, training and a secure market for produce. Given the procurement requirements of AgriBEE, processing industries in secondary agriculture are likely to seek further opportunities to enter into contracts with black producers. However, it is the terms of these contracts that are controversial as, where few major companies dominate a sector, they have substantial price-setting powers. This may mean that processors are able to push down prices and rely on self-exploitation by small producers, particularly if these growers are not organised (Mayson 2003).

Strategic partnerships are a further type of joint venture and have, in most instances, been put in place precisely to prevent any change in land use, and are fast becoming the dominant way in which restitution claims on highly commercialised agricultural land are being settled (Derman

et al. 2006). These involve the transfer of full ownership to beneficiaries, subject to an agreement that farming operations will be controlled by a company in which they will be shareholders, along with a private-sector partner which will be obliged to contribute capital and expertise and, in some instances, a farm-worker Trust.

Most of the studies of successful land-reform projects that have been showcased are strategic partnerships where land use is changed as little as possible, if at all, and where continuity of production and of levels of output is considered an indicator of success. Of the seven successes studied by De Villiers and van den Berg (2006), six involve either a joint venture with a strategic partner or wholesale lease-out of land to an operating company: Zebediela citrus estate in Limpopo, Makuleke co-management agreement in the Kruger Park in Mpumalanga, Stentor sugar cane plantation and the Giba banana plantation, both in Mpumalanga, and Winola Park Vinery in the Hex River Valley in the Western Cape. However, continuity of production was the criterion for 'success' – and is clearly the strength of this model – rather than the flow of benefits.

Benefits from strategic partnerships are usually in the form of dividends from shareholding and rental income, both of which may be reinvested in the enterprise rather than paid out in cash to project members, and preferential access to employment (sometimes displacing existing workers). These partnerships often involve the leasing of land owned by land-reform beneficiaries, to an operating company in which they have a shareholding, usually at below the going rate in the rental market (Derman et al.

2006). Because of the low levels of return to capital, profits are made on interest and pay-outs are rare, particularly in the early years of such partnerships.

Large strategic partnerships have been concluded in the Levubu Valley in Limpopo, where restitution claims have led to the transfer of large tracts of high-value land under intensive production of sub-tropical fruits, largely for export. The settlement of these claims has been made contingent on partnerships between the claimants, many of whom live in neighbouring Venda, and two commercial partners which have effectively taken over control of all the farms transferred as a result of these claims: South African Farm Management (SAFM) and Mavu Management Services (MMS). A forerunner, Zebediela Citrus Estate, also claimed through restitution in Limpopo, involved a partnership with the former owner, Henley Farm Properties (de Villiers and van den Berg 2006) while a new major strategic partnership has been established at Tenbosch, a major sugar estate in Mpumalanga, covering 32 000 hectares, between claimants and the milling company TSB (previously, Transvaal Suiker Beperk).

A further type of joint venture is co-management between land-reform beneficiaries (again, in the context of land restitution) and state institutions. Co-management models have been advanced where restitution claims have been made on protected areas, in some cases constituting a leasing out model. At Dwesa-Cwebe on the Wild Coast of the Eastern Cape, for instance, a restitution settlement agreement established a co-management agreement between claimants and the provincial parks board that would see claimants waive most of the rights that usually come with ownership, but have a cash income, a say in park management and priority access to jobs. As elsewhere where this model has been adopted, benefits may be slow to materialise and direct benefits from land use are either limited or prohibited outright. No settlement on, or use of, the land would be permitted by the new owners, with the result that claimants have been accused of 'poaching' on their own land (Kepe 2006).

LIVELIHOOD IMPACTS OF LAND USES IN LAND REFORM

It is essential to understand how land use has impacted on the livelihoods of land-reform beneficiaries, but available information is neither comprehensive, nor are there agreed indicators. However, the South African literature on land reform suggests that outcomes, or indicators, of success in land reform should include:

- Improved food security: improved nutritional status

from self-provisioning, also resulting in increased disposable cash income;

- More income: increased regularity of income from marketed produce, wage employment and more egalitarian distribution of income;
- Increased well-being: improved access to clean drinking water and to sanitation, improved housing, ownership of household items and access to fuel for cooking;
- Reduced vulnerability: improved access to social infrastructure, like schools and clinics, and increased mobility;
- More sustainable use of the natural resource base (Andrew et al. 2003; DLA 1997; May and Roberts 2000).

The Quality of Life (QOL) surveys conducted by the DLA have provided some insights into the land uses and livelihoods of land-reform beneficiaries. The QOL surveys were initially envisaged as annual surveys, later as biannual surveys, and have in practice been published in 1998, 2000 and 2003, with a fourth survey being in process during 2007, for which results are expected to be available during 2008. The DLA commissioned the QOL surveys to investigate the extent to which the objectives of the land reform programme have been met and the surveys claim to provide 'an account of the impact of land reform on the livelihoods of land-reform beneficiaries' (DLA 2003: xx).

The first survey was a small study conducted internally by the DLA's Monitoring and Evaluation Directorate, and published as the 'Annual Quality of Life Report' in October 1998 (Naidoo 1999). This survey, conducted in 1997–98, 'was widely criticised for its limited scope, its questionable theoretical assumptions and its methodology' (May and Roberts 2000).

An independent assessment of the report concluded that the study was not sufficiently detailed to permit the assessment that was required by the DLA. The assessment also questioned the sampling procedures that were used, and the way in which these were implemented, raising the concern that the study may not be representative or sufficiently rigorous for the purposes of monitoring (May and Roberts 2000).

The second survey attempted to assess the impact of reform on livelihoods, though this was shortly after transfer – more than half the projects had been transferred less than a year prior to the survey (May and Roberts 2000). The survey found



widespread under-utilisation of land, both in the sense of land not being used at all, and land that was potentially arable being used for less intensive forms of production: 'much land remains under-utilised, with neither grazing or cultivation occurring'; and 'the most common form of productive use is as grazing land' (May and Roberts 2000: 8,13).

The key findings on livelihood strategies from the second QOL survey were that 'beneficiary households have alarmingly high levels of poverty, with 78 per cent falling below the expenditure poverty line of R476.30 per adult equivalent per month and 47 per cent classed as ultra poor (less than half the poverty expenditure line)' (May and Roberts 2000: 14). As with the previous QOL survey, this finding would appear to refer to the position of beneficiaries at the time they joined the project, rather than as a result of land reform, given that most projects surveyed were still at the inception stage. What it did show were substantial variation in beneficiaries' livelihood sources and strategies and, on aggregate, very low incomes.

The key findings of the second QOL survey on the livelihoods of land reform beneficiaries were:

- Sixty-three per cent of beneficiary households receive some form of waged income;
- Just under 20 per cent of beneficiary households receive an income from both agricultural production and self-employment activities;
- Only 8 per cent of households acknowledged transfer payments, though this low figure is probably related to the virtual absence of migrant household members in the sample;
- Thirty-eight percent of households were deriving income either from the sale or own consumption of agriculture and livestock, while 62 per cent were not deriving income at all, indicating that livelihood impacts may be very unequal across households, even within the same project. The average household income from agricultural activities for the total sample was R1 146.00 per annum (May and Roberts 2000: 15).

The most common land uses were the extension of existing livestock herds, and maize production for household consumption – two important inputs into the livelihoods of poor and vulnerable households. Even while most production on redistributed land was considered to be for 'subsistence', the survey found that among those cultivating, most were both buying inputs and selling at least some of their produce,

usually in very local markets – as is the norm for so-called ‘subsistence’ producers in South Africa. The study found that land-reform beneficiaries were better off than the rural population as a whole, but failed to demonstrate whether or not this was as a result of their improved access to land – or whether this correlation was due to the better off being more likely to be able to access the programme. As a result, ‘the current data does not permit a detailed impact analysis of the land reform, and only tentative conclusions can be reached at this stage (May and Roberts 2000: 23).

The third QOL survey, conducted in 2002 and reported in 2003, encountered serious problems and discontinuities with previous surveys. It differed from its predecessors in terms of its sample, the design of the research instruments and analysis of the data. This report was never officially released. Despite, or perhaps in view of, the methodological problems encountered, it provided important recommendations for future impact analysis, as follows:

- The DLA needs to integrate the collection of baseline household level information into its project cycles so that information on the quality of life of beneficiaries prior to the transfer of land is recorded. This is a basis for monitoring and evaluation. This will require improving the Landbase data system of M&E and capturing more extensive beneficiary and project information during the project approval stage.
- The DLA should produce QOL reports on an annual basis, using a standard set of survey instruments to reflect the impact of land reform over time. The reports should be extended to assessing the resources committed to the delivery of land reform, including staff capacity, capital and operating budgets, and contributions from other government departments, parastatal and local government institutions.
- The QOL survey should be extended to include a control group of rural households and communities that have not benefited from land reform. This will enable future reports to compare improvements in the quality of life of land reform participants to other rural populations (DLA 2003: xxxii).

The QOL studies have shown that those in the programme are better off than the rural population as a whole; but are they better off because they are land-reform beneficiaries; or did they manage to become land-reform beneficiaries because they are better off? Those who are richer are more likely to have cattle; but are they richer because they have cattle, or do they have cattle because they are richer?

Redistribution policy, unlike restitution policy, is based on the presumption that the presence of an own contribution can have a positive impact on projects, as a sign of commitment, but this proposition has not been empirically tested. As Murray observed in the Free State, those who are best placed to participate in the land reform programme, and predominated in an early study of land-reform, were those who were literate, had their own disposable resources with which to pursue their applications, had access to telecommunications, to transport, had access to officialdom, and have social and political networks (Murray 1997).

In summary, there remain both *technical and conceptual challenges* in determining livelihood impacts within the context of South Africa’s land-reform programme. Existing data from the QOL studies on the livelihoods of land-reform beneficiaries demonstrate important correlations, but on the whole fail to demonstrate causal relations that tell us something about the ability of land reform to improve people’s livelihoods and lift them out of poverty.

In the absence of baseline data – a profile of people entering the programme – subsequent surveys can only provide a snapshot of people’s livelihoods, but cannot explain how these have changed as a result of land reform. In addition to the ‘before’ and ‘after’ dimension, few if any studies have attempted to disentangle or even adequately conceptualise on-project livelihoods in relation to people’s overall livelihood strategies – how land reform is one input into wider livelihood strategies – or to theorise the relationship between the two. As a result, impact studies, which would investigate changes over time and determine which can be attributed to land reform, have not been possible.

There remain both technical and conceptual challenges in determining livelihood impacts within the context of South Africa’s land reform programme.

An audit of land reform projects in the North West province, by Kirsten and Machethe (2005) suggests that project failure can be largely ascribed not to operational problems but to inappropriate planning and the wider context. This review commissioned by the National Department of Agriculture assessed ‘the extent to which land reform projects are meeting or not meeting the agrarian reform objective of *commercial viability*’ (Kirsten and Machethe 2005 – emphasis added). Its key findings were that, of all the land reform projects in that province:

- One-third were locked in intractable conflict and, as a result, the majority of their members had lost interest in the project and had *de facto* exited;
- More than a quarter of projects had never produced anything since taking ownership of their land;
- 55 per cent of projects had no implements for production and 27 per cent had inadequate implements (Kirsten and Machethe 2005: 12).

The most striking finding of this study is that the more successful projects were less likely to be following the original business plan than those that were less successful.

Dysfunctional projects were those where most members were no longer involved, with the result that they are perpetually in contravention of their obligations, and cannot access the balance of their grants, nor contract with outside parties. This has contributed to dysfunctional legal entities, and the need to bring legal and financial affairs in line with on-the-ground realities. However, other studies have pointed out that attrition of members is often the outcome, rather than the cause, of project plans not being realised (CSIR 2004).

In just 11 per cent of cases did beneficiaries report that they had drawn up their own business plan; in the bulk of cases, it was a private service provider (consultant) or an official from the Department of Agriculture who drew this up (Kirsten and Machethe 2005: 33). Agents who draw up business plans have limited roles in implementation and follow-up, and therefore also limited accountability for the outcomes of their plans. Kirsten and Machethe (2005: 34) found that while over a third (37 per cent) of projects had the assistance of design agents in implementing their plans, business plans were in no way a reliable predictor of actual land uses in projects. Among half the projects, leaders were aware of the contents of their business plans but a minority had access to the business plan, in hard copy, on the farm itself. Only 35 per cent of projects reported that they were following the original business plan. The most striking finding of this study is that the more successful projects were less likely to be following the original business plan than those that were less successful. Among these, 60 per cent were making up their own plan as they went along, and ignoring the paid-for plan, compared to 42 per cent in the sample as a whole (Kirsten and Machethe 2005: 35).

The findings of the study draw into question the quality and appropriateness of the type of business plans that form

the basis for project approval – since these are widely ignored and, even where they are implemented, correlate negatively with project success. The study found a direct relationship between provision of aftercare support and levels of production – yet nearly three-quarters of business plans did not make any provision for aftercare to be provided (Kirsten and Machethe 2005: 35). Under half of projects reported that the Department of Agriculture provided advice to them, and just 5 per cent indicated that they receive support from it (Kirsten and Machethe 2005: 39).

Two points merit attention. First, these findings correspond strongly with those in the CASE (2006) study on settled land restitution claims that involved agricultural production. However, the emphasis in both studies on adherence to business plans, marketing of produce, and profits, obscures the non-monetised benefits that may have accrued to project members such as taking some output for home consumption. This raises the possibility that the contribution of land reform to livelihoods may have been *underestimated* in some of these studies – including where projects may be producing benefits, have ostensibly ‘failed’ in the sense that they have not realised the objectives of business plans.

Second, the reasons to which under-use of land and non-operational projects are attributed are focused on failures of the project members themselves (conflict, lack of skills, poor management, etc.) and the absence or inadequate support from government institutions, most notably the Department of Agriculture (lack of aftercare, training, extension advice, etc.). However, the studies do not question the business plans themselves, but take as given that adherence to business plans is the optimal outcome even though, as shown in the North West study, there may in fact be a negative correlation between the two.

The wider economic context in which production takes place (or not) also merits attention. The issue of under-utilisation of redistributed land has been framed – in the public imagination and in the few review reports that have been written – predominantly as a problem of production. This has fuelled (sometimes racially) caricatured notions of the limitations of poor black people as custodians of the land (see for example du Toit 2004). However, concerns about under-use of redistributed land are widely shared across the political spectrum. Among official reviews, the dominant reason put forward for the failure to produce is the lack of skills, for both cultivation and for management, thus laying the blame squarely on beneficiaries themselves, rather than on two other possible causes: the inappropriateness of planned land uses, and a hostile policy and economic environment (Andrew et al. 2003).

A crucial aspect of this environment concerns the regulation of input and output markets, and the level and appropriateness of advice, support and assistance that is available to black farmers.

CONSEQUENCES OF DEREGULATION AND REDUCED SUPPORT

The systems that now exist to support new and disadvantaged farmers in South Africa are far inferior to those that the state provided over decades to nurture white farmers to succeed in commercial agriculture.

After the dramatic rise in state support for white farmers since the 1930s and 1940s, the commercial farming sector – built through extensive state interventions in land, credit, input, and output markets – went into decline in the 1970s, along with other sectors of the economy. By the late 1980s, agriculture was in serious trouble, with net income and exports in decline, while farming debt had quadrupled in less than a decade. This was not merely an expected ‘sectoral decline’ relative to the rest of the economy, but also a response to the removal of state support during the 1980s, which contributed to the declining contribution of agriculture, to 4.6 per cent of GDP in 1990. Excluded from national agricultural statistics were the estimated 1.3 to 3.5 million small-scale farmers in the former ‘homelands’ (DoA 2006a). The *White Paper on Agriculture* noted that:

The present structure of agriculture and rural communities is characterised ... by a very uneven income distribution. This problem can be addressed by broadening access to agriculture via land reform and bringing small-scale farmers into the mainstream of the government's technical and financial assistance to agriculture (RSA 1995).

However, with the advent of democracy, and the need to end state transfers to the already highly privileged white farming sector, the 1990s saw the elaborate architecture of support that was built up over decades being rapidly dismantled. This involved the removal of subsidies, subsidised credit and bail-out programmes, state marketing boards, trade protection, and other related reforms including water reforms and labour regulation. Direct and indirect subsidies were reduced or, in most cases, abolished altogether. Maize subsidies were abolished by 1993, and by 1997 interest rate subsidies and export subsidies were also ended. Price support now only remains in the sugar industry. By 1998, agriculture's Producer Support Estimate (PSE) was 4 per cent, the lowest

in the world after New Zealand and, by 2001, the total state spending on agriculture stood at R2.5 billion – just 45 per cent of 1998 levels (Vink and Kirsten 2003: 18).

Marketing of agricultural products, regulated through 22 marketing control boards in a ‘single channel’, fixed-price monopsony system, was also brought to an end. While elsewhere in the world marketing boards have been used to keep producer prices down in order to ensure cheap supply of food and downstream agricultural products – and where possible, to increase state revenue from agriculture – in South Africa they had served the opposite purpose: to redistribute resources from the rest of the economy to the commercial farming sector. State price control that maintained high maize prices through the 1980s meant a net welfare transfer from lower-end black consumers to white farmers producing maize (van Schalkwyk et al. 2003: 127). However, regulation of marketing was supported by better-off farmers and agribusinesses involved in secondary agriculture, who lobbied to be able to market freely at the end of the sanctions era. The Marketing of Agricultural Products Act of 1996 confirmed the deregulation of marketing and established the National Agricultural Marketing Council (NAMC) to advise on statutory measures to regulate agricultural marketing. Although given some powers to intervene in markets, including to fix prices and control imports, it has been generally disinclined to use them. By 1998, all control boards had been privatised and this new marketing environment saw a proliferation of private marketing and export agents.

As a result of both the process of deregulation and the liberalisation in the international trade of agricultural goods, major changes have taken place in all areas of agriculture. On the whole agriculture is doing well: total agricultural output grew 27 per cent between 1995 and 2002. Gross income was R42 billion in 2002 and net income rose from R7 billion in 1994/95 to R23 billion in 2002/03. Capital formation has *doubled* since 1994, and the contribution of agriculture to the GDP has increased slightly to 3.2 per cent in 2002. The rapid growth in exports outstripped the growth in imports from 1994 to 2002, with imports rising from R5 billion to R15 billion, and exports rising from R8 billion to R25 billion.

A key trend since 1994 has been the consolidation of ownership of farm land into fewer hands. The number of farming units declined from just over 60 000 to 45 000 in the six years between 1996 and 2002 (DoA 2005b; DoA 2006a). This is largely due to consolidation of landholdings into larger units of ownership and production as farms are acquired by neighbours and become part of a larger farming

enterprise, or as larger agribusinesses buy up a number of farms in an area. Although consolidation is antithetical to land reform, it is also, ironically, the result of strategic partnerships involving restitution claimants taking over multiple farms and putting these under single management, as in the Levubu Valley in Limpopo (Derman et al. 2006).

Employment has declined substantially as production has become more capital-intensive. The long-term trend, accentuated during the 1990s, has been towards a smaller labour force and an inversion of the proportion of regular to seasonal and casual labour (Aliber et al. 2007). Total employment declined by 14 per cent, regular employment declined by 26 per cent and total remuneration to employees in agriculture grew by 7 per cent (DoA 2005b: 8). Agriculture shed 150 000 jobs between 1993 and 2002, and dropped from 10.5 per cent to 7.5 per cent of total formal employment between 2001 and 2005. At the same time, skilled employment in agriculture was also in decline (DoA 2006a).

An anomaly of state policy currently is that, while non-market options for moving ahead with land reform are under discussion, the economic and policy environment into which new farmers enter is not undergoing the same critical discussion. Despite the apparent about-face in agricultural policy, continuities underlie changes in the policy super-structure, specifically the approach to supporting small farmers. Having privatised the systems that created privilege, state intervention in favour of small-scale and resource-poor farmers has tended to be on a 'project' basis rather than intervening in markets.

The state has taken a number of initiatives to support land reform beneficiaries, among other 'emerging' farmers and small farmers in communal areas, all of which have been seriously under-funded. The Broadening Access to Agriculture Thrust (BATAT) of the mid-1990s, including farmer support and production loans, failed to materialise, and the Farmer Settlement Programme (FSP) responsible for post-transfer agricultural support had no national capital budget until 2004, though in some provinces infrastructure grants were provided (Jacobs 2003). The FSP, now reconfigured into a Livelihoods Development Support programme, rose to 18 per cent of the national budget for agriculture and remains, true to its former name, a farmer settlement system, with limited reach, rather than a mechanism for restructuring the economic and market environment for new entrants (National Treasury 2007).

The key framework for providing agricultural support to new farmers is now the Comprehensive Agricultural Support Programme (CASP) established in 2004 for 'emerging farmers' and allocated R750 over medium-term expenditure

framework (MTEF). A recent review of CASP found that, in most regions, infrastructure was the only form of support provided, co-ordination with the land-reform process was inadequate and that, despite high levels of demand, there was under-spending due to bureaucratic procurement procedures (DoA 2007). Support in the form of technical advice, training, marketing, production inputs and risk management had been largely ignored by implementers, and while some land reform beneficiaries got access to CASP funds, in some areas officials directed these away from land reform towards emerging farmers considered to be more commercially oriented (DoA 2007: 45). Contrary to its name, then, CASP is far from comprehensive, both in the types of support made available, and in its reach to those it targets. The review points out some of the inherent limitations of the grant-based model of support, which appears to be modelled on LRAD. It concluded that CASP would need to be revised and would need to be 'couched within a common vision of land and agrarian reform that is shared by agriculture and land affairs (nationally and provincially)' (DoA 2007: 2).

A further area in which support has been somewhat reintroduced is credit. As the Land Bank was restructured to become self-financing, albeit with a 'development mandate', it introduced market-related interest rates and now provides preferential lending only on the slightly discounted Special Mortgage Bond (SMB). It also administers the Micro Agricultural Finances Institutions of South Africa (MAFISA), for which it *does* receive budgetary transfers. MAFISA, presented as a new version of the Agricultural Credit Board, was capitalised with nearly R1 billion over the MTEF in 2005/06, and is available only to black South Africans with gross off-farm incomes below R20 000 a month (DoA 2005). By 2007, 900 applications had been approved, and CASP had supported projects with a total membership of 67 366 (National Treasury 2007). At the most generous estimate, this suggests that certainly less than one in ten land reform beneficiaries has access to either of these facilities, and while CASP funding is projected to rise, other crucial budget lines for the Department of Agriculture are in decline (see Table 4.1.1).

State-supported co-operatives in input-supply, marketing and value-adding were mechanisms that had considerable success in supporting white farmers in the past. While these have been privatised, and some closed down, the model is an important one for disadvantaged producers who face substantial obstacles to sell their produce on reasonable terms, or to extend into processing and value-adding. While production cooperatives may be appropriate in some contexts within land reform, it is these other cooperatives that hold

Table 4.1.1: Budget allocations to selected programmes of the National Department of Agriculture 2007/08 to 2009/10

	2007/ 08	2008/ 09	2009/ 10
<i>Livelihoods Development Support</i>	731	753	704
<i>Comprehensive Agricultural Support Programme (CASP)</i>	415	435	478
<i>Land Bank (MAFISA)</i>	248	247	146
<i>Agricultural Research Council (ARC) (Current)</i>	409	428	456
<i>ARC (Capital)</i>	80	87	67

Source: National Treasury 2007: 483–485

most potential to enable small farmers to overcome barriers related to scale, and which may also create a basis for organisation and the building of political voice. Co-operatives are now an element of the ANC's strategy for economic transformation, and government intends to support those co-operatives in which poor and disadvantaged people come together to engage in economic activities (see Box below).

It has been in the private sector, sometimes with state support, that specific steps have been taken to improve market access for new small farmers, as well as those who are already established in the communal areas but face many

THE COOPERATIVES ACT, NO. 14 OF 2005

The Cooperatives Act signalled government's intention to support the emergence of cooperatives, an initiative driven by the Department of Trade and Industry (DTI) as a means of galvanising resources for broad-based and pro-poor development. The aims of the Cooperatives Act are, inter alia, to 'promote equity and greater participation by black persons, especially those in rural areas, women, persons with disability and youth in the formation of, and management of, cooperatives' and 'ensure the design and implementation of the cooperative support measures across all spheres of government' (RSA 2005, Section 2(d), 2(h)). Five categories of people qualify for state support: black, women, youth, disabled, rural areas (RSA 2005: Section 8(2)(c)).

of the same problems as land reform beneficiaries. Private sector initiatives are largely commodity-specific, led by the commodity sector organisations affiliated to AgriSA and in some cases to the National African Farmers' Union (NAFU). In particular, the wine, fruit, sugar, wool, grain and red meat sectors, among others, have programmes to support 'emerging' farmers, and differ greatly both in terms of the extent of their reach and the scale of their support.

An initiative in the wool industry provides an important model for coordinated support for production and cooperation among smallholders, jointly driven by the private sector and the state (see box on next page).

Recently government has recognised the need for land acquisition, settlement support and production support to be integrated and delivered in a coherent manner. Up to the present time, support measures that accompany land redistribution have not been well sequenced, appropriate or adequate.

The acquisition of land through LRAD, for instance, has been disconnected from provision of support through CASP – though applicants may apply for both, these systems have not been connected, meaning that people getting land may or may not receive support through CASP, and if they do, the timing may not be aligned. This fragmented approach, delivered through different institutions and application processes, with different planning and priority frameworks and budgeting systems, is now a central challenge.

A proposed Special Purpose Vehicle (SPV) would be a land acquisition and management agency with private sector partnership, to source and disburse funding from different institutions, for land acquisition and production support, and to source private service providers. First, it would conclude service-level agreements with private sector partners to becoming implementing agents on behalf of the state. Second, it would acquire land proactively (i.e. not necessarily for identified beneficiaries), plan for its use, and dispose of it (i.e. a double transfer). The foundational approach privileges commercial farming as the intended outcome of support services: 'the one-stop shop will ensure progression from family farmers to commercial farming' (Xingwana 2007a: 5). The SPV concept has been described by the Minister as:

a 'one-stop shop' for all land and agricultural support services for land reform beneficiaries. It will co-ordinate settlement support throughout the value chain, in partnership with the private sector and civil society. It will also decentralise support services to the lowest level of delivery (Xingwana 2007a: 12–13).

COOPERATIVE PROCESSING BY WOOLGROWERS

An initiative by the National Wool Growers' Association (NWGA) to support sheep farmers in communal areas, particularly in the former Transkei areas of the Eastern Cape, has had a significant impact on the quality of wool produced and increased incomes. Wool farmers here, operating individually, had struggled to expand their production in under-served areas where they lacked facilities and where a few local traders were able to drive down prices – effectively fixing prices. From the mid-1990s, the NWGA spearheaded a process to build shearing sheds for farmers to shear, sort, grade and pack their wool. It also provided training in shearing, sorting, grading and livestock and pasture management, and arranged the distribution of 2 800 high-quality rams at reduced prices. The central innovation, however, was the formation of farmer associations that would jointly operate these sheds, share transport costs, and market their produce together. By processing their wool and marketing in bulk, they were able to bypass local traders,

sell at auctions, and access higher prices per kilogram of wool – up to double the prices they had previously received – and reinvest some of the additional income in expanding production. This has contributed to an estimated five-fold increase in the value of wool produced by the affected communities; 12 per cent of national wool production now comes from shearing sheds in the communal areas of the Eastern Cape. The NWGA provided the capital required and implementation relied on seconded staff from the Department of Agriculture. Although production is not collective, cooperation in the initial stages of value adding and processing (where there are economies of scale) has strengthened the bargaining power and market access of small farmers. Although the initiative was limited in its reach, the NWGA is now using mobile shearing tents as a lower-cost option to extend this approach to more sheep farmers in the Eastern Cape.

Source: Kleinbooi 2007c

The SPV has been in the design phase since 2006 but has recently been put on hold, in view of its implications for roles of different spheres of the state, and its future is uncertain. Instead of the SPV, which may now not go ahead, and instead of an institution to acquire and dispose of land, Project Management Units (PMUs) are to be created, according to a Presidential charter dated July 2007. These would take on planning and implementation functions of existing DLA offices, and manage contracts with agribusiness, commodity organisations and other private sector institutions to implement on the state's behalf. These are to adopt a new implementation approach which will focus on 'hubs and nodes' in order to scale up deliver towards the target set by this charter of transferring five million hectares to 10 000 new agricultural producers and provide support to this group (Presidency 2007). How these units will operate, how they will relate to existing institutions mandated with these tasks, and what they will do differently, is not yet clear from available documentation. The key difference from existing practice seems to be the increasingly central role of the private sector and agribusiness in particular in implementing land reform.

AN EMERGING WAY FORWARD

Land reform can only contribute to poverty reduction in

rural areas if, firstly, this gives more people access to the land, secondly if lower cost production systems are promoted, and thirdly if they have appropriate extension support services and are connected to market opportunities. This suggests the need for determined moves towards more smallholder production. One of the key steps in this regard would be the repeal of the *Subdivision of Agricultural Land Act* No. 70 of 1970 to allow for the subdivision of farms into affordable pieces of land. These could be bought on the commercial market as smallholder units suited to the needs of poor land users. Legislation was passed by Parliament in the *Subdivision of Agricultural Land Act Repeal Act* No. 64 of 1998, but this has not yet been signed into law.

The growing interest in South Africa in alternative models of agriculture and the importance of smaller scales of production for resource-poor farmers mirrors a shift in thinking internationally. This includes international financial institutions such as the World Bank, which have been traditionally hostile to state intervention in the economy. The *World Development Report 2008: Agriculture for Development* (World Bank 2007) makes a powerful argument for a stronger role for the state in creating policy and economic conditions to support the growth of agriculture along a more equitable path. Agriculture, it argues, has been 'vastly underused for development' and state expenditure for its development generally bears little relation to its potential contribution to

equitable development (World Bank 2007: 9). Governments therefore need to define an 'agriculture-for-development' agenda to provide pathways for the rural poor to move out of poverty, and should:

1. Increase access to markets and promote efficient value chains;
2. Enhance smallholder competitiveness and facilitate market entry;
3. Improve livelihoods in subsistence farming and low-skill rural occupations; and
4. Increase employment in agriculture and the rural non-farming economy, and enhance skills (World Bank 2007: 24).

In order to 'make smallholder farming more productive and sustainable', states should increase the 'quantity and quality of public investment' in agriculture and improve price incentives for smallholders. They should intervene in factor and product markets, promoting targeted vouchers to enable smallholders to access crucial inputs at subsidised cost, and the state to provide funding to distributors of inputs in new areas (World Bank 2007: 13–17). Subsidies for small farmers, including input subsidies, are back on the agenda for states concerned with rural poverty.

Further, states should support smallholder producer organisations, to guard against elite capture and exclusion of the poor, and to enable them to access inputs, market their produce, and become a political force, and should invest in research and development geared towards smallholder producers and low-cost production technologies less dependent on bought inputs (World Bank 2007: 18). Despite a focus on how land markets can facilitate change, the WDR explicitly emphasises the importance of land reform in changing how land is used, at what scale, and with what technology. It acknowledges that 'redistributing under-utilised large estates to settle smallholders can work if complemented by reforms to secure the competitiveness of beneficiaries – something that has been difficult to achieve (World Bank 2007: 12). These priorities hold not only for predominantly agrarian societies, but also, according to the WDR, for urbanising economies like South Africa:

Increasing the access of smallholders to assets, particularly land, and increasing their political voice in unequal societies, can enhance the size and competitiveness of the smallholder sector. Beyond farming, territorial approaches to planning are being pursued to promote local employment through

interlinked farming and rural agroindustry, and these processes need to be better understood for wider application. Agricultural growth is especially important to improve well-being in geographic pockets of poverty with good agricultural potential... [and] support to the agricultural component of the livelihoods of subsistence farmers will remain an imperative for many years (World Bank 2007: 25).

In order to drive forward such an agenda, and to make this politically feasible, governments should recognise the trade-offs between the political interests of (1) the agribusiness sector, processors and retailer, (2) market-oriented smallholders, (3) the large mass of subsistence producers with diversified livelihoods and (4) agricultural workers and others employed in the rural non-farm economy (World Bank 2007: 346).

CONCLUSION

Redistributive land reform has, by all indications, made a disappointingly weak contribution to reducing poverty and to increasing economic growth. This is not only due to the very limited scale on which land redistribution has taken place and to the drastic cuts in subsidies and support structures to agriculture over the last two decades. It is also fundamentally a result of the models of land use and production that have characterised land reform in South Africa. Land may be redistributed, but inappropriate land use and unwieldy institutional forms prevail – largely because pre-existing farm boundaries, land uses and production regimes have been perpetuated. Choices about what models of land use should be promoted through land reform, and the types of livelihoods that are to be produced, have been inadequately debated and land reform has proceeded without a clear vision of the intended outcome. There is therefore an urgent need for a national-level agrarian reform policy that goes beyond redistributing land to restructuring production and markets.

If land reform is to address poverty concerns, agrarian reform will require moving towards a mixed farming sector with a growing smallholder sector. This will need to make possible the diversification of types, scales and technologies of production, and increased opportunities for small-scale farming of commercial crops and subsistence production. Combining subsistence and cash cropping within the same productive unit is an appropriate option for the poor who struggle to access markets and, where they do, cannot rely on stable and predictable market prices for their produce.

If the objective is to maximise the number of livelihoods in agriculture and the contribution to poverty reduction, then a paradigm of substantial state intervention in markets (not only land markets) would be needed to enable new types and scales of production. This is a particular necessity for those who are already engaged in agricultural production in some way, whether as a part-livelihood in the communal areas or around urban settlements, or in the form of employment on commercial farms. Policy for agrarian reform should take their livelihoods, resources and needs as its starting point.

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APPENDIX

CHAPTER 1

Table 1A

Multiple regression

Dependent variable: confidence in representative institutions (elements: national government, provincial government, local government, Parliament, political parties)

Independent variable: trust in leaders, fighting corruption, transparency and accountability

Coefficients ^a						
		Unstandardised coefficients		Standardised coefficients		
Model		B	Std. error	Beta	t	Sig.
1	(Constant)	-1.723	.053		-32.491	.000
	Trust in leaders	.341	.014	.391	25.081	.000
	Fighting corruption	.136	.015	.154	9.305	.000
	Transparency and accountability	.075	.013	.094	5.771	.000

a. Dependent Variable: Confidence in representative democratic institutions

Table 1B

Multiple regression

Dependent variable: confidence in Parliament

Independent variable: trust in Leaders, fighting corruption, transparency and accountability

Coefficients ^a						
		Unstandardised coefficients		Standardised coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.255	0.54		23.412	.000
	Trust in leaders	.275	.014	.320	19.995	.000
	Fighting corruption	.122	.015	.141	8.265	.000
	Transparency and accountability	.166	.013	.148	8.852	.000

a. Dependent Variable: Confidence in Parliament

CHAPTER 2

Table 2A: Consolidated Audit Outcomes across SETAs for 2004/05 and 2005/06

SETA	Clean	2004/2005 Opinion			Clean	2005/2006 Opinion		
		Unqualified with Emphasis of Matter	Qualified with Emphasis of Matter	Disclaimer with Emphasis of Matter		Unqualified with Emphasis of Matter	Qualified with Emphasis of Matter	Disclaimer with Emphasis of Matter
AGRISETA*					x			
BANKSETA	x				x			
CETA			x					x
CHIETA	x				x			
CTFL	x					x		
DIDTETA***			x		x			
ESETA		x					x	
ETDP SETA	x					x		
FASSET	x				x			
FIETA		x			x			
FOODBEV	x				x			
HWSETA	x					x		
INSETA	x				x			
ISETT				x				x
LGSETA		x				x		
MAPPP			x				x	
MERSETA	x					x		
MQA	x					x		
POSLEC***		x			x			
PAETA***	x					x		
SASSETA**							x	
SETASA***		x				x		
SERVICES	x				x			
TETA	x					x		
THETA			x			x		
WRSETA		x			x			
FREQUENCY (Total number of SETAs that received opinion)	13	6	4	1	11	10	3	2
% of Total SETAs	54	25	17	4	42	38	12	8

(*) PAETA and SETASA amalgamated to form AGRISSETA on 1 July 2005. Financial statements for AGRISSETA cover nine months from 1 July 2005.

(**) POSLEC and DIDTETA amalgamated to form SASSETA on 1 July 2005. Financial statements for AGRISSETA cover nine months from 1 July 2005.

(***) Financial Statements and the Audit Reports cover a three-month period from 1 April 2005 to 31 June 2005.

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